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World Business Newspaper <http://www.ft.com>

FRIDAY AUGUST 16 1996

US plans envoy to help promote anti-Cuba law

US commerce department trade undersecretary, Stuart Eizenstat (below), is to be appointed by the White House as special envoy to the European Union, Canada and other countries whose companies may be hit by US laws against investment in Cuba. The countries have been angered by a law allowing US companies and individuals to file suits against foreign groups profiting from property confiscated after Cuban president Fidel Castro came to power in 1959. Page 11

Jersey fraud charge after forex losses A British man has been charged with fraud in the Channel Islands of Jersey in a case linked to foreign exchange losses of \$28.7m allegedly incurred by 90 international clients of Swiss-based investment managers. Page 12

BAE, the German chemicals group, is to sell its magnetic tape business to Raks, a Turkish consumer electronics group, and will also cede control of its potash mining interests to concentrate on its core chemical and pharmaceutical operations. Page 13; Lex, Page 12

Yugoslavia seeks IMF return The Federal Republic of Yugoslavia, now comprising only Serbia and Montenegro, is seeking an early restoration of its membership of the International Monetary Fund and the World Bank. Page 12

Turkey in Iraq food-for-oil deal Turkey's Islamist-led government signed an oil-for-food agreement with Iraq, days after Ankara and Tehran struck a multi-billion energy deal in defiance of US threats of sanctions against companies investing there. Page 4

London orients itself over campaign The London Tourist Board has lodged an official complaint about a Scottish tourism campaign that implies London's air quality is poor. Page 7

Softbank, the rapidly expanding Japanese distributor and publisher of personal computer software, is to pay \$1.5m for a majority stake in US semiconductor memory products supplier Kingston Technology. Page 13

Hungarian minister resigns Hungary's Prime Minister became the second industry minister to resign in a year and the eighth cabinet member to leave the Socialist-led government since it took office in July 1994. Page 3

BP and US group in power project British Petroleum and large US utility, Entergy, announced plans to build one of the biggest independent power projects in the UK. Page 6

China warns US on missile sales China called on the US to scrap plans to sell an anti-aircraft missile system to Taiwan, saying the deal could damage Sino-US relations. Page 5

Figures show US growth slowing US figures showed industrial production edged up 0.1 per cent last month, suggesting the pace of growth in the manufacturing sector is slowing after a strong second quarter. Page 8

Chips down for Samsung A fall in global semiconductor prices sent Samsung Electronics' profits down 60 per cent to Won453bn (\$550m) for the first half of 1996. Page 14

Vitre to sell US arms Mexican glass manufacturer Vitre plans to sell its loss-making US subsidiary, Anchor Glass, after reporting a first-half net loss of \$52m pesos (\$47m). Page 13

Philippine trade deficit widens The Philippine trade deficit widened to \$5.96bn in the first six months of 1996, putting pressure on the central bank to devalue the peso.

Indian food poisoning toll at 50 Police in India's western Maharashtra state were hoping a kitchen helper they arrested could provide clues to the country's worst case of food poisoning as the death toll climbed to 50.

Electrical accident kills 35 in Peru Thirty-five people died from electrocution and another 40 were injured when a firework struck a 10,000-watt cable, sending it crashing on to a crowd of 1,500 people in the southern Peruvian city of Arequipa.

FT.com the FT web site provides online news, comment and analysis at <http://www.ft.com>

STOCK MARKET INDICES		GOLD	
New York Dow Jones	5,885.41 (-1.47)	New York Gold	\$381.7 (-0.17)
NASDAQ Composite	1,132.08 (-1.43)	London Gold	\$381.3 (-0.15)
FTSE 100	2,592.33 (-0.74)	DOLLAR	
DAX	2,592.33 (-0.74)	New York March	1.4875
Nikkei	15,982.52 (-12.04)	DM	1.4875
US LUMBER FUTURE		FR	5.0700
Federal Reserve	5.5%	SV	1.5000
3-mth Treasury Bill	5.125%	Y	107.815
Long Bond	6.875%	LONDON	
Yield	6.875%	Gold	1,550.00
OTHER RATES		DM	1.4875
US 3-mth Interbank	5.5%	FR	5.0700
US 10 yr Govt	6.75%	SV	1.5000
France 10 yr Govt	6.75%	Y	107.815
Germany 10 yr Govt	6.75%	STOCKS	
Japan 10 yr Govt	6.75%	DM	1.4875
US DOLLAR VS. OTHER CURRENCIES		FR	5.0700
DM	1.4875	SV	1.5000
FR	5.0700	Y	107.815
SV	1.5000	STOCKS	
Y	107.815	DM	1.4875
US DOLLAR VS. OTHER CURRENCIES		FR	5.0700
DM	1.4875	SV	1.5000
FR	5.0700	Y	107.815
SV	1.5000	STOCKS	
Y	107.815	DM	1.4875

More emphasis on welfare ■ Lebed stirs controversy on Chechnya Yeltsin names new government

By John Thornhill in Moscow

Mr Boris Yeltsin, Russian president, yesterday announced the formation of a new government committed to pressing ahead with economic reform but with greater emphasis on social welfare.

Contrary to hints made before the presidential elections, Mr Yeltsin made no concessions to his political opponents and did not give any senior jobs to members of the Communist or Liberal Yabloko factions.

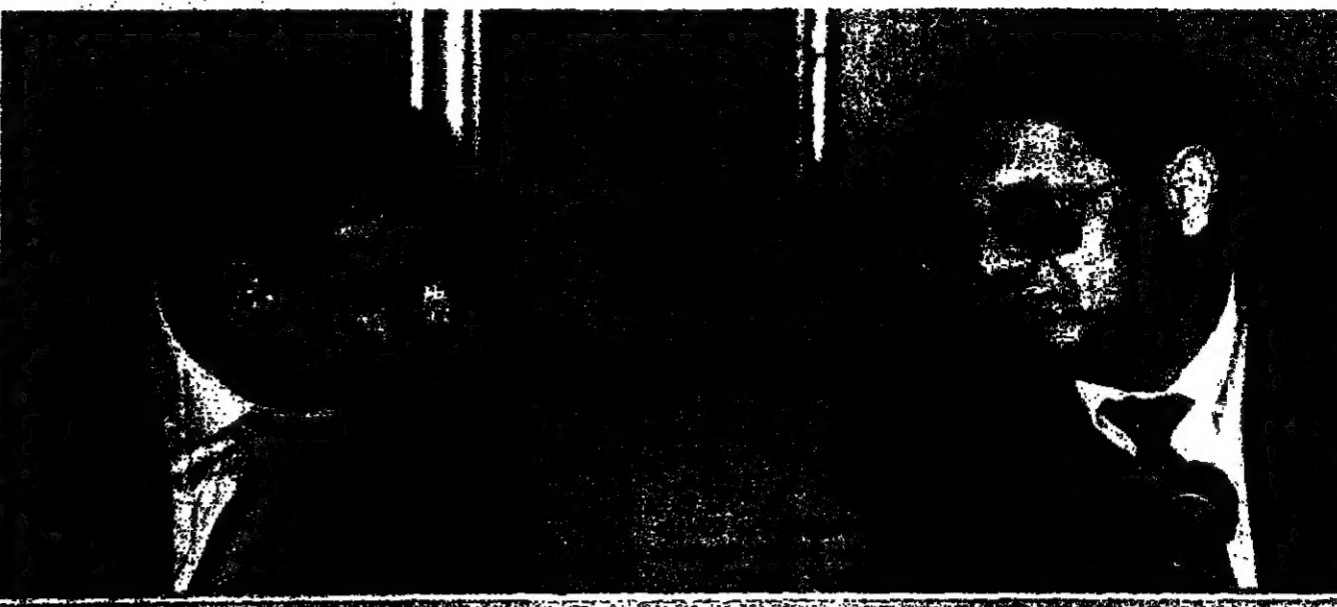
Mr Vladimir Potanin, 35, who heads Otkrytiy bank, one of Russia's most powerful commercial banks, was appointed first deputy prime minister in charge of the economy.

But events in Moscow yesterday were again overshadowed by developments in the rebel region of Chechnya, where Mr Alexander Lebed, Russia's national security chief, planned to hold talks with separatist commanders in an attempt to reach a lasting ceasefire.

Armed with new powers to co-ordinate Russian policy towards Chechnya, Mr Lebed has promised a more conciliatory approach towards settling the 20-month dispute.

The fighting has eased since a shaky ceasefire agreement came into force on Wednesday.

But the former general threatened to stir controversy on his planned return to Moscow today by naming Russian officials he claimed were



Vladimir Potanin (left) is now first deputy prime minister in charge of the economy while Alexander Lebed is head of a strengthened finance ministry. The appointments came as Boris Yeltsin made no concessions to his political opponents. Photograph by Reuters

responsible for encouraging the war in Chechnya. Mr Victor Chernomyrdin, prime minister, said the new government's priorities would be to pursue a more active social policy, stimulate investment, bolster budget revenues and strengthen market institutions.

Mr Potanin is generally seen as a pro-market reformer who will bring fresh and pragmatic ideas to government. But some observers questioned whether Mr Potanin could ride above

the inevitable conflicts of interest that would arise between his government responsibilities and his bank's ambitions.

Mr Alexander Lebed, chief presidential economic aide, has been appointed head of a strengthened finance ministry with a brief to raise more tax revenue and close a widening budget deficit. Mr Lebed has championed Russia's stabilisation programme but has no real administrative experience. To strengthen Russia's

patchy social welfare system, Mr Victor Ilyushin has been made first deputy prime minister.

But the biggest surprise in the government reshuffle was the appointment of Mr Alexei Bolshakov as the most senior of the three first deputy prime ministers to be appointed. Effectively the second most senior member of the government, he will assume responsibility for industrial and transport policy.

Mr Bolshakov was previously responsible for co-ordinating relations with the other members of the Commonwealth of Independent States and acquired a controversial reputation by antagonising some neighbouring governments.

Russia's fledgling stock market welcomed the pro-reform orientation of the government and the RTS-21 index of leading shares rose by 3.6 per cent.

Economic team, Page 2
An army's honour, Page 11

ISS cleaning group suffers \$350m loss

By Hugh Conway in Copenhagen

ISS, the world's largest contract cleaning company, yesterday revealed it had suffered a bigger than expected loss of DKK2bn (\$350m) in the first half of the year as a result of a false accounting scandal at its US division.

Shares in the Danish group, which has 120,000 employees worldwide and annual turnover of about DKK15bn, slid about 8 per cent on the news. ISS said it now planned to sell a majority stake in the US business, which is its biggest division built up in the past decade through aggressive, debt-driven acquisitions.

Speaking in Copenhagen, Mr Arne Madsen, chairman, said the affair had hit the company like "a great earthquake".

False accounting scandal in US hits Danish company

He admitted it had cost significantly more than indicated when it was revealed in May. The group made charges and provisions totalling DKK945m to cover what it called fictitious contracts and false valuations in the US division - compared with an original estimate of \$100m.

The group wrote off its profit and loss account all the DKK1.2bn in goodwill attributed to the US operation to facilitate a potential sale. As a result, the group swung from a DKK37m net profit for the first six months of last year to a loss of DKK2.05bn.

ISS's share price crashed DKK26 to an intra-day low of DKK109 before recovering to close down DKK11 at DKK124.

ISS alleged that finance executives in the US division deliberately and systematically falsified accounts for up to 10 years to inflate profits.

It said the unit's cleaning contracts and the provisions within its internal self-insurance operations were wrongly stated to the tune of \$99m in fictitious profits. A further \$41m was lost in falsely valued assets and there was an additional \$6m charge for the costs of the investigation into the alleged scandal.

Mr Michael Dudas, the former finance chief in the US, and five others have been fired or suspended following the internal investigation of the affair. ISS said that it was handing over material from

the investigation to the Securities and Exchange Commission and the US attorney-general, Mr Janet Reno.

But it said there was no clear motive for the alleged false accounting scandal and no evidence had yet been found that the alleged perpetrators had personally gained from it. It said it was not clear if any criminal or civil proceedings would result.

Mr Madsen and Mr Waldemar Schmidt, group chief executive, insisted no-one in group

management had known about the alleged scandal. Mr Schmidt said the US division had been responsible for its own management controls. He said a "forensic" audit was being carried out to discover whether Arthur Andersen, the US unit's auditor at the time, had acted negligently.

The half-year loss reduced ISS's shareholder's equity to just DKK729m - cutting its equity to assets ratio from 46.3 per cent a year ago to 12.9 per cent.

Lex, Page 12
At a loss, Page 15

Dole back to grassroots campaign for presidency

By Patti Waldmeir in San Diego

Mr Bob Dole, the Republican presidential nominee, will today resume the job that he finds most difficult - conducting a grassroots campaign for the presidency.

After taking the spotlight at this week's tightly scripted Republican party convention in San Diego, Mr Dole will again find himself making stump speeches, mingling with voters, and trying to sell himself as a potential president. Flanked by an energetic running mate, buoyed by the tributes of family and friends and by the nomination he has craved for 15 years, he leaves today for a post-convention campaign tour through Colorado, Pennsylvania and New York.

A man unhappy with the modern demands of campaigning, Mr Dole has always been uncomfortable out on the stump. The addition of the charismatic Mr Jack Kemp to his team as running mate may help. But Mr Kemp's almost

boyish ebullience could simply highlight the deficiencies in the iconic Mr Dole's own campaign style.

Mr Dole struggles to excite voters. Even when his nomination became official the jubilation on the convention floor seemed almost perfunctory.

As they prepared last night for their candidate's acceptance speech, Dole campaign aides were buoyed by polling data suggesting that the party convention had boosted his chances. A daily tracking poll by ABC news showed that Mr Clinton's lead over Mr Dole, put at 20 percentage points on Monday, had shrunk to 18 points by Tuesday and to only 10 points by Wednesday morning.

A two-day survey by NBC's cable affiliate, MSNBC, also gave Mr Clinton only a 10-point lead.

But other polls contradicted these results. The local San Diego newspaper, the Union Tribune, found that Mr Dole's ratings had actually suffered, dropping 5 points by Wednesday to put him 17 points behind the president.

Mr Clinton will be expecting his own "convention bounce" in the polls when the Democratic convention opens in Chicago later this month.

Republicans are hoping that the Whitewater financial scandal may affect his poll standing in the wake of news that the president's friend and investment partner, Mr James McDougal, will co-operate with the special Whitewater prosecutor, Mr Kenneth Starr. Mr McDougal said yesterday he plans to be "Bill Clinton's Brutus".

However, Whitewater-related matters have so far had no effect on Mr Clinton's ratings. "Character" was the focus when Mr Dole was officially nominated by the convention on Wednesday night. His wife Elizabeth and daughter Robin delivered powerful tributes to him, and Senator John McCain of Arizona, a former prisoner of war, delivered a moving endorsement of the nominee, whom he called "a man of honour, a man of firm purpose and deep commitment to his country's cause".

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Los Angeles Times

"Une vaste demeure gaie et raffinée. On voudrait y rester mille et une nuits..."
Le Figaro

"Beeindruckend: die Atmosphäre dieses im vorigen Jahrhundert errichteten Hotel-Palastes"
Geo Special

"L'American Colony Hotel, oltre ad essere un degli alberghi più affascinanti del mondo..."
Il Messaggero

The authentic atmosphere of the hotel has made it a favourite site for many "on location" film sets and the hotel has always been the venue for celebrities. Many famous names are listed among the guests: Ingrid Bergman, Sir John Gielgud, Peter Ustinov, Lauren Bacall, T.E. Lawrence (of Arabia), Field Marshal Lord Allenby, Graham Greene, John le Carré, Leon Uris, Sir Alec Guinness, Marc Chagall, Peter O'Toole, Carl Bernstein, George Shultz, Hans Dietrich Genscher, Joan Baez and many more.

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NEWS: EUROPE

Greek Cypriot leader appeals for calm after violent clashes in buffer zone with Turkish sector

Killings help Cyprus media stunt achieve its aim

By John Barham in Ankara and Kerin Hope in Athens

This week's clashes in the United Nations-patrolled buffer zone that has divided Greek and Turkish Cypriots since 1974 will have just as much impact on policy-makers in Ankara and Athens as on local political leaders.

Violence flared unexpectedly on Sunday in a protest by Greek Cypriot motorists who rode into the buffer zone wearing T-shirts saying: "A world without borders". The violent response of Turkish Cypriots to the media stunt - one of the protesters was beaten to death - underlines the precarious state of relations between the communities.

The island of Cyprus is the front line between Greece and Turkey, nominal NATO allies but implacable rivals in the Aegean.

Turkey's policy over Cyprus is one of the few issues that command a broad consensus. Successive governments have backed Mr Rauf Denktaş, leader of the self-declared Turkish Cypriot republic in the island's northern sector. And as the country's mood grows more radically Islamist and nationalist, there is little appetite for moderation.

Greece's Socialist government has thrown its weight

President Glafcos Clerides, the Greek Cypriot leader, yesterday appealed for calm after the deaths of two people in clashes in the buffer zone separating the Greek and Turkish Cypriot communities, writes Andreas Hadjipapas in Nicosia.

Mr Clerides warned protesters that the Cyprus problem should "not be handled by irresponsible people without an overall picture of the situation, but by the governments of Greece and Cyprus".

Tension has mounted ahead of today's funeral of Mr Solomos Solomos, who was shot by a Turkish Cypriot soldier while trying to pull down a Turkish Cypriot flag. Mr Clerides said that demonstrations which might

lead to further confrontations would not be permitted.

The UN representative on the island, Mr Gustavo Feisel, held separate meetings yesterday with Mr Clerides and Mr Rauf Denktaş, the Turkish Cypriot leader.

He urged both sides to show restraint and said the UN would make a new effort to restart talking on reuniting the island.

Greek Cypriot police sent reinforcements to Dherinia, where the clashes took place, to discourage fresh demonstrations.

UN peacekeepers and Turkish Cypriot forces also strengthened their positions along the Green Line marking the buffer zone.

firmly behind President Glafcos Clerides, who heads a rightwing Greek Cypriot government with a strongly nationalist slant. At times of crisis, mutual mistrust is forgotten and Greek solidarity with Cyprus cuts across ideological barriers.

The Greeks saw the killing of Mr Tassos Isaak during Sunday's protest in the buffer zone as the act of a bloodthirsty mob. The death of another Greek Cypriot, Mr Solomos Solomos, shot while trying to pull down a Turkish Cypriot flag, was denounced

by Greece's foreign minister, Mr Theodoros Pangalos, as "brutal murder".

In Turkey, both deaths were seen as understandable, if regrettable reactions to provocation. "Of course we are sorry but you have to protect your borders," said a foreign ministry official.

"There was peace in Cyprus for 22 years. It seems the Greeks badly wanted to put Cyprus back on the international agenda and they are using human lives to draw world opinion to Cyprus." Some Greek analysts hold



Mrs Tansu Ciller (left) has issued threats after violent demonstrations this week in the Cyprus buffer zone

a not dissimilar view. One said: "Protests on the Green Line [which marks the buffer zone] have been staged by the Greek Cypriots to get international media attention and put the Cyprus problem back in the headlines. There is a lot of frustration over this issue."

Cyprus was split in 1974 by a Turkish invasion following a Greek-led coup intended to unite the island with Greece. Talks on reuniting Cyprus as a loose federation have foundered on questions of security for the Turkish Cypriot minority and the right of Greek Cypriots to recover property or resettle in the north of the island.

Trade unions, business associations and student groups have made efforts to establish regular contacts, but there is little movement across the Green Line.

Mr Kamran Inan, a Turkish politician, reflects the views of many Turkish Cypriots: "The only reasonable way is for both sides to recognise each other as separate states and to co-exist." Economic disparities

between the sectors underline the political divisions. Thanks to sustained growth in tourism and a flourishing rule as an offshore centre, the Greek Cypriots are the wealthiest nation in the eastern Mediterranean. Turkish Cypriots are isolated by lack of international recognition - incomes have steadily declined and unemployment is high.

With backing from Greece, the Greek Cypriots are preparing to apply for membership of the European Union, on behalf of both communi-

ties, early in 1998. This, they argue, would be a catalyst for finding a settlement.

Many Turkish Cypriots believe that joining the EU would offer an escape from economic stagnation and political isolation, but neither Mr Denktaş nor the Turkish government supports the application.

tor, Mrs Tansu Ciller, arrived in Cyprus yesterday in militant mood to demonstrate the Islamist government's support for Mr Denktaş. She told a rally in southern Turkey earlier in the day: "Where we come from, nobody lays a finger on the flag... If anyone dares do that, we'll break their hands."

Not to be outdone, Greece's prime minister, Mr Costas Simitis, said he would interrupt his summer holiday to attend the funeral of Mr Solomos today. He will also take part in a meeting on Saturday of the national security council, the forum where Greek Cypriot political leaders thrash out policy on the Cyprus problem.

Mr Simitis will certainly point out that this week's clashes could undermine a recent hull in Greek-Turkish tensions, achieved through an unofficial agreement brokered by the US and Nato that both countries will avoid holding military exercises in the Aegean during the tourist season.

So far, the agreement appears to be holding, despite the tensions on Cyprus. As trouble flared at the funeral of Mr Isaak on Wednesday, Greeks amicably assisted a Turkish frigate that ran aground off a Greek island.

Editorial comment, Page 11

Sarajevo airport back on schedule

The first commercial aircraft for four years landed at Sarajevo's airport yesterday when an Air Bosna flight took off from Istanbul, Reuter reports from Sarajevo.

The airport, caught between Muslim and Croat frontlines, was closed to scheduled flights after being badly damaged during Bosnia's civil war and is in need of extensive repairs.

Full reconstruction is expected to take until the middle of next year at an estimated cost of \$26.7m - half from the European Bank for Reconstruction and Development (EBRD) through a 15-year loan. The other half will be financed by grants from European Union member states and the European Commission.

The funds will be used to repair the main airport buildings, runways and provide new navigation, communication and weather forecasting and recording equipment. France is donating \$2.2m to buy equipment to enable take-offs and landings in poor weather.

Sarajevo airport handled about 350,000 passengers a year before the war and was busiest in 1984 when the city hosted the winter Olympic games. Separatist Serb forces captured it at the start of fighting in 1992 but was persuaded in June 1992 to hand it over to the UN for relief flights. Cargo aircraft hauled food, medicine and shelter material into the besieged capital, enabling its 380,000 residents to survive three winters.

Nearly 13,000 flights landed in Sarajevo until the airlift ended earlier this year, carrying foreign dignitaries, UN peacekeepers, aid workers, medical cases and journalists. Government forces built a tunnel under the airport for those trying to escape the city on foot.

Bosnians resist aid for independent TV

By Laura Silber, recently in Sarajevo

Cash-strapped Bosnia is resisting the offer of millions of dollars in international aid to create its first independent television network designed to bridge ethnic divisions inflamed by partisan media during four years of fighting.

The Muslim-led Bosnian government has blocked the \$12m project, of which \$3m was earmarked for state-run Bosnian television. The Open Broadcasting Network (OBN) is the product of a pledge by the three presidents of Bosnia-Herzegovina, Croatia and Serbia last November in Dayton, Ohio, to allow freedom of media, to help create a climate for free and fair elections on September 14.

Hate-mongering in the media has been blamed for fuelling the conflict. The OBN was first stalled by financing problems. When the donors, including the EU, the US and Japan, came up with funds, members of the Bosnian government became the obstacle. The project is being overseen by Mr Carl Bildt, chief international mediator to Bosnia.

Under OBN, five small

independent television stations in the Muslim-Croat Federation formed their own network. Mr Emin Skopljak, deputy telecommunications minister, said the country did not have the legal framework to permit a nationwide independent television; there are already 11 independent local channels, apart from state-run television.

"We want to go the same way as the rest of Europe, but we will not give in to political pressure to form this network," Mr Skopljak

Authorities 'are afraid of losing control'

said. He insists that frequencies are a valuable national resource which cannot be given away.

Pressure on the Bosnian government is intense: it was a big issue at Wednesday's Geneva summit when Mr Warren Christopher, US secretary of state, apparently failed to overcome the objections of Mr Alija Izetbegovic, president of Bosnia-Herzegovina.

Mr Izetbegovic has made

clear one of his objections was that the network would carry "commercial" programmes. So resolute was opposition in the Bosnian government that it rejected a \$3m World Bank loan custom-made for state-run television, designed to allow the state network to compete with independent channels.

International mediators believe Bosnian objections are mostly based in a fear of losing control. Mr Michael Steiner, the German deputy to Mr Bildt, said: "Behind this resistance is a vision of the media which is not European. It is not an understanding of free media, but one of control."

Armed with a ruling from the Organisation for Security and Co-operation in Europe (OSCE) which says the government must "grant without delay to the OBN all necessary licences", Mr Bildt's team is pressing forward. They have come up with a design which would bypass the Bosnian television relay system and cover about 50 per cent of Bosnia's population, almost exclusively in the Muslim-Croat Federation.

At best, the network will begin broadcasting just before the elections.

Hungary loses second industry minister in year

By Virginia Marsh in Budapest

Mr Imre Dunai yesterday became Hungary's second industry minister to resign in a year and the eighth cabinet member to leave the Socialist-led government since it took office in July 1994.

The government said Mr Dunai had asked to step down on health grounds and that his resignation had been accepted by Mr Gyula Horn, the prime minister. Officials denied reports that the two men had disagreed several times recently or that they had undertaken not to discuss other factors behind the resignation for six months.

Mr Dunai's decision to leave the cabinet comes just as the government is embroiled in a sensitive debate over energy price rises. The increases, due in October, have split policymakers and industry.

International investors which bought into the energy sector last autumn are pressing the government to raise prices to world levels and to honour other com-

mitments made at the time. Leading European utilities including RWE and Bayernwerk of Germany, Electricité de France and Italgas invested nearly \$2bn, the first large-scale energy sector privatisation in the former eastern bloc. Several have now put further investment plans on hold until price and regulatory issues are resolved.

However, the government is reluctant to increase prices again - they have already risen sharply in the past 18 months - at a time of falling real pay and deep discontent over painful welfare and education reforms.

Energy sector investors are unhappy over aspects of a price and cost review this summer by the energy office which is to be discussed by the cabinet next week. "We are not at all satisfied," an investor said yesterday. "The price rises are very unpopular but for the government to go back on its promises could lead to a serious crisis in investor confidence. No doubt Mr Dunai will be happy to escape from an increasingly uncomfortable situation."



New team (left to right): Viktor Ilyushin, first deputy prime minister; Alexander Livshits, finance minister and deputy prime minister; Vladimir Potanin, deputy prime minister; Alexei Bolshakov, industry, construction, transport and communications and mineral resources

Yeltsin names economic team

Mr Vladimir Potanin, named as the youngest of Russia's new first deputy prime ministers yesterday, is an international economist who made his name as head of one of Russia's biggest banks, Reuter reports from Moscow.

He will lead the government's economic team and may become Russia's representative at the World Bank, a post currently held by outgoing first deputy prime minister Mr Vladimir Kladnikov.

Mr Potanin, 35, built Uneximbank up to become Russia's fourth biggest financial institution, and was heavily involved in last year's controversial shares-for-loans privatisation of several of Russia's biggest companies. Uneximbank has 38 per cent of RAO Nizhny Nijel, one of the world's biggest nickel producers, and a large stake in Sidanco, Russia's fourth biggest oil company by reserves.

Mr Potanin, whose interests include football, chess and tennis, promised yesterday to represent Russian enterprise "in the broadest

sense," rather than just looking after the interests of the banking lobby.

Economists say Mr Potanin has offered few detailed clues to his economic thinking. "How can we say whether he'll become a good first deputy prime minister or not, if we never had a single word from him on his economic programme?" said Mr Pavel Teplov, chief economist of Troika-Dialog investment bank.

Mr Potanin worked at the ministry for foreign economic relations for seven years before joining a foreign trade association and then AKB Mezhdunarodnaya Finansovaya Kompaniya (AFK) bank, one of Uneximbank's co-founders. Uneximbank was founded in 1993 and now has assets of 17,720bn roubles (\$3.4bn).

Mr Alexei Bolshakov has been put in charge of industry, construction, transport and communications and the use of mineral resources.

An engineer from the western city of Pavlov, Mr Bolshakov, 56, is the most senior of Russia's three new first deputy prime ministers and will deputise for Prime

Minister Viktor Chernomyrdin.

Mr Bolshakov had been a deputy prime minister since November 1994, responsible for relations with other former Soviet republics in the Commonwealth of Independent States.

Former finance minister Boris Fyodorov, a radical economist ousted in early 1994, once described Mr Bolshakov as "a normal Soviet apparatchik, not a radical reformer". Mr Alexander Livshits, 50, Russia's new finance minister and deputy prime minister, joined President Boris Yeltsin's team in 1992 with other pro-reform intellectuals. But unlike most of his colleagues, he has survived through the years of economic reform and political manoeuvring in the Kremlin.

In 1994 Mr Livshits was appointed Mr Yeltsin's chief economic aide. During the president's re-election campaign he appeared regularly on television to reassure workers that their wage arrears were on the way.

Mr Livshits studied mathematics and economics at the Moscow Economics Institute and wrote his thesis on former President Ronald Rea-

gan's government economic policies. A professor and the author of a textbook on the basics of the market economy, he wants Russia to go for growth, putting tough anti-inflation policies of the early years of reform on to the back burner.

"We have done enough worrying about percentages of inflation, now we have to start worrying about growth," he said recently.

Mr Viktor Ilyushin, 58, a first deputy prime minister in the new government, was President Yeltsin's chief aide since May 1992 and played a pivotal role in securing his re-election. He has been an ally of Mr Yeltsin since his communist party days.

He was born into a workers' family in Nizhny Tagil in the Ural mountains and graduated in electrical engineering in 1974 from the same college where Mr Yeltsin studied in what was then Sverdlovsk - now Yekaterinburg. After working at an iron and steel mill, he began a career in the communist party in Sverdlovsk, where Mr Yeltsin was regional party chief. Their paths have been close ever since.

EUROPEAN NEWS DIGEST

German drug sales up 6.5%

Pharmaceutical sales in Germany in the first half of the year rose to DM12.6bn (\$8.5bn), 6.5 per cent higher than a year earlier, the VFA industry association reported. Germany is Europe's biggest pharmaceuticals market and third largest in the world after the US and Japan.

The growth rate is below that for Europe as a whole but excludes sales through hospitals. German healthcare reforms of 1993 gave general practitioners budgets which excluded hospital drug sales. The VFA, which is fighting to influence further reforms now under consideration, said yesterday's figures demonstrated that "doctors' prescription behaviour was medically as well as economically responsible".

Daniel Green, London

New wave of retail strikes

German retail unions yesterday intensified their strike action in an attempt to force employers to adopt nationwide a wage deal agreed this month in the state of Rhineland-Palatinate.

The DAG salaried workers union and HBV bank and retail workers union said more than 1,000 shopworkers took part in all-day strikes across Germany and threatened further action. Both sides in Rhineland-Palatinate agreed a 1.85 per cent pay rise and extra allowances for shift working.

Reuter, Düsseldorf

Fishing row may go to Hague

The dispute between Denmark and Iceland over the fishing rights in a "grey zone" of the north Atlantic could go to the International Court in The Hague. Talks this week have produced no solution to the question of whether Danish vessels have the right to fish in a 10,000 square kilometre area between Greenland and Iceland.

Icelandic coastguard cutters have been given permission to fire on Danish boats caught within the zone. Another meeting will be held next month in an attempt to resolve the dispute.

Both Mr Halldor Sgrimson, Iceland's foreign minister, and his Danish counterpart, Mr Niels Helveg Petersen, have suggested taking the issue to the international court. Mr Sgrimson claims that the 1986 discussion of the issues, which left non-Icelandic vessels free to fish until a resolution was found, was only a gentleman's agreement. Denmark disputes this view. Andrew Arnold, Copenhagen.

Kurdish TV back on air

A Kurdish television channel, MKD-TV, resumed satellite broadcasts to Turkey from its base in London yesterday, six weeks after pressure by Ankara forced its previous satellite operator to halt transmissions. Yesterday's broadcast, carried on the Intelsat satellite, coincided with the 12th anniversary of the separatist campaign waged by the Kurdistan Workers party against the Turkish state. Turkey, which rejects MKD-TV's insistence that it is independent of the guerrillas, has forced a series of European satellite operators to stop carrying its signal.

MKD-TV is Turkey's only Kurdish-language channel and has established a strong following in the mainly Kurdish south-east. Although Mr Necmettin Erbakan, the Islamist prime minister, has declared that he supports domestic Kurdish channels, he said MKD-TV "should definitely be stopped".

John Barham, Ankara

ECONOMIC WATCH

Finnish output up sharply

Industrial activity in Finland increased sharply in June, according to figures from the central statistical office. Output was 4.4 per cent higher than a year earlier, while the annualised increase for the first six months was 1.7 per cent. The improvement in June reflected a 10 per cent growth in metal and engineering production compared with the same month last year. However, output in the paper and wood-processing sector fell 9.2 per cent and capacity utilisation dropped 5 per cent to 82 per cent. Consumer prices fell 0.1 per cent in June, taking the annual rate to 0.5 per cent, one of the lowest in the European Union. The reduction was partly attributed to seasonal discount sales of clothes. Inflation measured by the standard EU formula was 1.1 per cent in July, against 1.3 per cent in June.

Greg McIvor, Stockholm

German wholesale prices fell 0.5 per cent in July from the previous month, and the same amount from the year-earlier level, the federal statistics office said. Dutch unemployment fell by 1.4 per cent to 428,000 on a seasonally adjusted basis in the three months to July. A leaked memo from the central planning bureau to the cabinet said unemployment would fall far more steeply than expected.

China's fledgling export base takes off

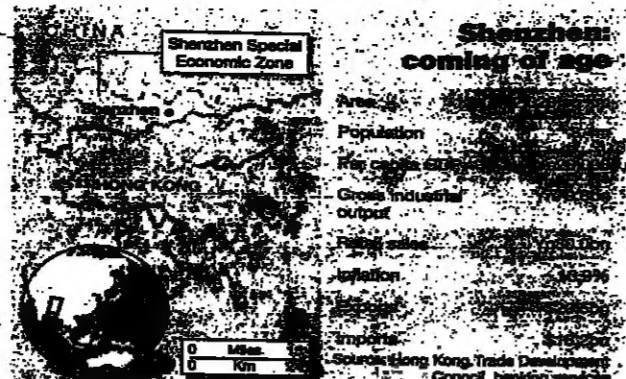
But Shenzhen economic zone finds the future insecure, John Ridding writes

Crowds are thin in Shenzhen's new museum. The inhabitants of China's southern economic zone (SEZ) are too preoccupied with business to spend time on the sparse exhibits of the region's brief history.

That bodes well for the future of the fledgling export base. But the future is not yet secure. For, like a precocious teenager, Shenzhen turns 16 this month, cocky about its achievements but poised uneasily between adolescence and maturity.

The most dynamic of China's five special economic zones, designed to spearhead a national transformation from central planning to the market, Shenzhen is confronted with rising costs, crime and corruption. Tax breaks for imports of capital equipment have been ended, reducing incentives for foreign investment, the motor of the SEZ economies. Beijing's policy priorities have shifted in favour of the hinterland and away from coastal provinces.

Among the local businessmen and foreign investors



who have built Shenzhen there is concern but also a belief that momentum can be sustained. "The environment is becoming more difficult and I don't know if the concessions here will survive," says the commercial director of one Hong Kong manufacturing company, referring to preferential corporate tax rates. "But the commercial roots are now deep," he adds.

How deep is shown from the expansion of Shenzhen's economic base. Annual industrial output has risen from a paltry ¥60m (\$7.2m) in 1979 to more than ¥500m, exceeds US\$60m. More than 510 high-rise blocks (18 storeys or more) have sprouted across the former farmland since Mr Deng Xiaoping, China's paramount leader, declared the city and its environs an SEZ.

prompted Wal-Mart, the US retail giant, to open its first Chinese store in Shenzhen this week.

For many local businessmen, the challenge is now qualitative rather than quantitative growth. "In the first 15 years we depended on our financial and geographical position," says Mr Guo Ping, vice-president of Shenzhen Huawei Technology, a local telecoms and electronics manufacturer, referring to investment incentives and Shenzhen's proximity to the port of Hong Kong.

"Now we are at a second stage, where we have to move to higher-value and more technology-intensive production."

This is a necessary shift, given the rise in land and labour costs and the prospect of reduced privileges. But it is not an easy task. Shenzhen's artificial origins mean it lacks educational and technology infrastructure. Skilled staff are in short supply.

Shenzhen Huawei has overcome such constraints through formation of research agreements with universities in Shanghai, Wuhan and Beijing. It has set up an R&D facility in the US and is building another at its site in Shenzhen. Many other companies have launched training programmes for staff or seek to attract employees from Shanghai or Beijing through higher salaries and improved benefits.

These are not the only challenges. Social conditions, from crime to pollution, are growing concerns for investors. One local bank worker says he remembers the first armed robbery in Shenzhen in the early 1980s. He has now lost count.

"There has always been a bit of a frontier atmosphere here," says one trading executive. "But sometimes it seems to be going over the edge."

Shenzhen's officials are responding. Mr Wang Zhengming, the chief procurator, says the authorities' tough

line, including executions of corrupt senior officials, is having an effect. "After several years' endeavour the social order is improving," he says.

With respect to infrastructure, the city's five-year plan includes ambitious construction targets, including a doubling in the length of superhighway by the year 2000. Power stations and port facilities are being expanded to meet rising demand.

Mr Li Zing-shen, director of the Shenzhen municipal foreign investment office, believes a further boost to development will come from Hong Kong's return to China in July next year and the consequent rise in economic integration.

He plans continued simplifications in investment procedures, boasting that a recent proposal for a factory by Castrol, the lubricants company, was approved in just two days. In his view, there is little chance that Deng's experiment will end up as a museum piece.

US missile plan upsets China

China yesterday demanded the US scrap plans to sell an anti-aircraft missile system to Taiwan, saying the sale violated communiques governing Sino-US relations on Taiwan. Under the communiques, Washington has pledged to sell only defensive weapons to Taiwan and to reduce the level of sales over a specified period. In Washington, a State Department spokesman said the US was processing a request for Taiwan to buy the Avenger anti-aircraft missile system. The system, which can use a Stinger missile, was purely defensive and consistent with US policy on arms sales to Taiwan, he said.

Taiwanese President Lee Teng-hui yesterday said Taiwan needed to review its policy of targeting China as its main market if it wanted to become a regional business hub, sparking a sharp stock market decline. The market, fearing a policy change might endanger lucrative investments on the mainland, suffered a bout of panic selling and fell 89 points.

Reuters, Taipei

Megawati invited to celebrate

Ms Megawati Sukarnoputri (pictured left), ousted leader of the opposition Indonesian Democratic party, yesterday said she had received invitations from the state palace to attend an Independence Day ceremony at the weekend but they do not mention in what capacity she can attend. Independence Day is traditionally commemorated at the palace in a ceremony led by President Suharto, who today will deliver his state of the nation address in which he is expected to outline how he proposes to deal with the pro-democracy agitation of the past month.

Ms Megawati was questioned for a second time yesterday at Jakarta police headquarters about riots in the capital last month. It is not known whether she will be summoned again.

Manuela Saragosa and Kyodo, Jakarta

NZ jobs growth surprise

Strong June quarter jobs growth surprised New Zealand financial markets yesterday. Employment grew by 0.9 per cent in the quarter, compared with average forecasts of 0.37 per cent, and the jobless rate eased slightly to 6.1 per cent from 6.2 in March. The figures were welcomed by the conservative National party government, which faces a general election in October.

Reuters, Wellington

Bangladesh PM seeks justice

Sheikh Hasina, Bangladesh's prime minister, yesterday vowed to bring to justice those responsible for the death of her father, Sheikh Mujibur Rahman, the country's founding prime minister, in a 1975 coup. Yesterday was the anniversary of his death, marked officially for the first time. "If you don't punish those responsible, you cannot bring stability to Bangladesh," she said. Earlier this week police arrested three retired army officers suspected of a role in the coup.

Kasra Naji, Dhaka

Pressure grows to engineer a devaluation of the peso

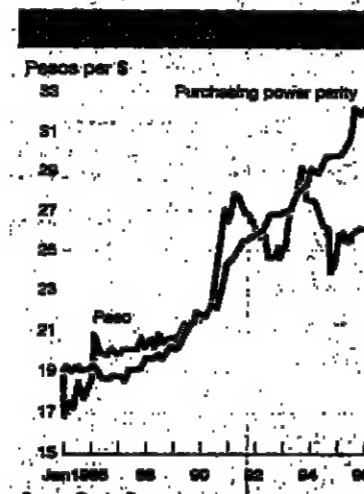
Philippine trade deficit widens

By Edward Luce in Manila

Pressure on the Philippine central bank to engineer a depreciation of the peso rose strongly yesterday in the wake of figures showing the trade deficit widening by 39 per cent in the first six months of 1996.

The growing trade gap, which leapt from \$4.28bn in the first half of 1995 to \$5.98bn in the equivalent period of 1996, prompted renewed calls from Philippine exporters for a competitive devaluation of the peso against the US dollar. Exporters pointed out the currency had appreciated by 13 per cent in real terms over the last two years although there was a minor depreciation in nominal terms. More than one-third of Philippine exports go to the US.

Led by the rise in manufacturing sales Philippine exports grew by almost 20 per cent in the first half of 1996 compared to 26 per cent import growth. Philippine exports have grown faster in 1996 than any other south-east Asian economy,



including Thailand and Malaysia, which have been badly hit by the global slowdown in demand for electronic products.

Mr Ceilito Habito, planning minister yesterday warned that Philip-

pine electronics and textile sales, which make up over 50 per cent of the country's total exports, could decelerate in line with other Asian countries unless there was an improvement in Philippine labour productivity or a depreciation of the peso.

However, Mr Gabriel Singson, governor of the central bank, yesterday dismissed pressure on the monetary board to abandon its commitment to a market-driven exchange rate policy.

Mr Singson added that imports to the Philippines were almost entirely made up of raw materials and capital goods for subsequent re-export and thus reflected the country's growing industrial base.

Strong portfolio inflows and overseas worker remittances pushed Philippine foreign exchange reserves up by more than \$4bn since January to \$11.2bn in August as the central bank bought dollars to prevent an appreciation of the peso.

Australia told to end petrol price controls

By Nikki Taft in Sydney

Australia's top consumer and competition watchdog yesterday called for abolition of price controls on petrol and related products. The federal government said it would respond to the recommendation by the Australian Competition and Consumer Commission after next week's federal budget.

Mr Peter Costello, federal treasurer, said the government was "generally supportive of moves towards greater transparency and competition in the oil industry".

The recommendation that price controls be lifted next year follows a lengthy ACCC inquiry into the "petrol products price declaration system", introduced under a former Labor government. The system caps petrol and diesel product wholesale prices, with the big four suppliers - Ampol, Shell, BP and Mobil - having to notify the ACCC if they want to lift prices.

But the ACCC found these price

controls had limited impact, and felt increased competition from independent fuel retailers was likely to be more effective in holding down petrol prices. "The controls do not serve a very useful purpose... In most capital cities, they only restrain prices occasionally and on those occasions only a very little," commented Prof Allan Fels, ACCC chairman, yesterday.

The ACCC's recommendation is that the controls be scrapped, although only subject to certain conditions. These include "the development of more vigorous competition in the industry".

At present, independents have only a small share of the retail market - about 5 per cent - but already make a significant impact on pricing. When Ampol merged its operations with those of Caltex to become the sector's leading player last year, the ACCC was at pains to ensure independents were given a chance to acquire surplus terminals and retail sites.

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NEWS: UK

BP to build power plant with US utility

By Simon Holberton and Robert Corzine

British Petroleum and Entergy, a large US utility, yesterday announced plans to build one of the biggest independent power projects in the UK since the privatisation of the electricity industry in 1991.

The companies said they would seek planning approval to build a 1,000MW gas-fired power station which would be sited at BP's Saltend chemicals complex

east of Hull in north-east England.

Entergy, the 10th biggest electricity utility in the US, will own, operate and manage the power plant. An Entergy official said the project represented "an opportunity to get into a market that we feel has an enormous amount of potential".

He declined to comment on financing, but industry estimates were in the region of £350m (\$542.5m). Entergy's decision to

invest in such a large facility will concern National Power and PowerGen, the UK's two biggest generators. Since privatisation their dominance in the market has come under increasing pressure from independent producers.

Both generators have sought refuge in meeting higher-priced peak electricity demand rather than generating base load power. Entergy will target this market with a plant that can be operated flexibly. A 15-year contract to supply the gas

should avoid the pitfalls of past "take or pay" contracts.

The move could add to downward pressure on electricity prices, as more entrants compete for customers. BP's current demand at Saltend is only 100MW and 120 tonnes of steam per hour. The remainder of the power will be sold into the wholesale electricity market.

The Hull plant will represent Entergy's first investment in Europe. As with many US utilities which have limited opportunities at

home, Entergy sought to expand overseas, notably in Australia and Latin America.

BP talked to 20 companies about a plant at Hull before selecting Entergy as a partner.

The company stressed that the project was at an early stage. Key issues, such as prices have yet to be negotiated and there remained a lengthy process to secure environmental and planning consents.

The gas will come from "a

portfolio of North Sea fields" already linked to the Hull site by a pipeline from one of five east coast gas terminals.

BP will not have an equity stake. "We are not in the business of major power generation; our interest is in finding a customer for a cost advantage in power and steam for the chemical works," BP said.

The Hull plant is the largest acetic acid plant in Europe, employing 1,300 people.

UK NEWS DIGEST

Inflation rate rises to 2.2%

A surge in house prices pushed the rate of inflation up to 2.2 per cent in July from 2.1 per cent the previous month. The government announced yesterday. But this was offset by some encouraging trends in the retail sector. Although consumer spending has risen recently, retailers still show no sign of raising their prices. The clothing and footwear sectors reported the sharpest fall in prices for any July sale for forty years.

These mixed signals mean that the split between the Bank of England, the UK central bank, and Mr Kenneth Clarke, chancellor of the exchequer, about the inflation outlook is likely to remain unresolved. Gillian Trill

SHIPPING

Tanker grounding 'human error'

Human error was to blame for the grounding of a Norwegian oil tanker on rocks off the west coast of Wales, an inquiry report said yesterday. The crew of the 112,000-tonne Borge were at fault during the steering of the vessel in the deep water channel in Milford Haven estuary.

The incident last October happened close to where the Sea Empress supertanker went aground in February spilling 72,000 tonnes of oil.

Borge's double-skinned hull prevented its cargo from leaking, although there was damage to the vessel, which was later refloated. A report on the Sea Empress incident is not expected to be published until early next year. Mr Nick Ainger, an opposition Labour MP for the area, claimed the accident could have been avoided if escort tugs had been provided for tankers using the busy waterway. "Milford Haven Port Authority don't appear to realise the urgency of the situation - the port is operating in exactly the same way ten months after the Borge went aground," he said. PA News

MACHINE TOOLS

Increased exports reported

A hint of an upturn in one corner of British manufacturing emerged yesterday after the machine tool industry reported increased exports.

The sector, which has been one of the most vibrant parts of UK manufacturing in recent years, saw a sharp increase in export turnover in June, the Office for National Statistics said. This followed several months in which export turnover had steadily declined. The increase is likely to fuel hopes that demand in Europe - a significant machine tool market - may be reviving slightly after slumping in recent months. Measured on a three-monthly basis, the level of exports was a seasonally adjusted 5.9 per cent higher than the same period a year before. Gillian Trill

FOOD RETAILING

Blackmail charges pursued

Mrs Nora Just, 42, of Mansfield, Nottinghamshire, facing five charges of blackmail against unnamed food companies, was again remanded in custody by magistrates in the northern town of Telford. Her next appearance was set for September 12. West Meria police said they were continuing to seek the extradition of Mr Michael David Just, who was detained in Austria on July 8, the same day Mrs Just was arrested. Clay Harris

Victorian chemistry a potent drug for City

Narcotics monopoly can guarantee its profits

The legal manufacture of heroin, morphine and cocaine is one of Britain's last, and least-discussed, monopolies.

Sandwiched between whisky warehouses and a brewery in the shadow of the Murrayfield rugby stadium, Meconic of Edinburgh is the UK's only licensed narcotics producer - and the world's largest.

As an amalgam of three Scottish opium processors, it was founded more than a century ago to supply tincture of laudanum to the wealthy and fashionable, royalty included.

Today, the company specialises in painkillers, producing up to 70 tonnes a year of opiates, and a much smaller quantity of cocaine, for ear, nose and throat conditions. Its main product is codeine, one-fifth the strength of morphine and growing rapidly thanks to the rise of high-strength over-the-counter painkillers, such as Nurofen Plus, Panadol Ultra and Solpadine.

Morphine sales are also climbing. Seen for decades as an addictive killer, morphine has undergone a rehabilitation: the World Health Organisation now recommends its use in terminal cancer cases. As a result, a market of two tonnes a year in the late 1980s had grown

to 14 tonnes by 1994.

This has put pressure on opium poppy supplies. Meconic, which was a Glaxo subsidiary until a management buy-out in 1990, buys most of its opium from Glaxo's Tasmanian plantation. It also buys from Johnson & Johnson, the Turkish government, and Sanofi of France. However, recent harvests have been poor and in Turkey farmers have opted out of the state-controlled poppy programme.

Mr Marshall Smalley, Meconic's chief executive, says the company is better placed than its competitors to weather the shortage. It is one of the only producers which can also use processed opium from India.

Meconic, with annual sales of £20m a year, is also in a position to guarantee its profits. This has made it a darling of the City since its launch as a public company last year - stockbrokers are still urging their clients to buy shares at double the issue price of 135p.

But there have been challenges to Meconic's monopoly. In 1989, a two-year investigation by the Monopolies and Mergers Commission led to nothing more than a condition that it publish a regular price list.

But the preliminary judgment in a European court

case is that local courts should decide whether to open their markets to legitimate narcotics imports and that European Union members should move together in any change. Meconic is assuming that imports will eventually be allowed, and is using the cash from its narcotics operation to diversify. This has not seen it upgrading its technology. It remains one of very few drugs companies that runs its chemical reactions without electronic sensors or computer monitoring. Where a process needs adjusting, a worker clad in a yellow air suit and transparent face shield will remove the lid from a reactor tank, and see to the problem from there.

The widening of production has brought some unusual ingredients on to the site.

Typical is the cascara bark used to make laxatives for the Calcutta market, daffodil bulbs chopped in a garden shredder for an Alzheimer's disease treatment and chilli peppers used for a neuralgia treatment.

At Meconic, security is a very sophisticated extra, but Mr Smalley says the company is really about little more than "roots, barks and Victorian chemistry".

Jenny Luesby

Clinton attacked over Sinn Féin talks

By John Kampfer, Chief Political Correspondent

Mr James Baker, the former US secretary of state, was accused yesterday of electioneering at the Republican party convention after he suggested that meetings between the Clinton administration and Sinn Féin leaders had sent relations between Washington and London to a new low. Sinn Féin is the political wing of the Irish Republican Army.

"We have seen a representation of the IRA hosted in the White House just prior to its resumption of the terrorist bombings in London," Mr Baker said at the convention in San Diego. "The result has been the worst relationship with our closest ally - Britain - since the Boston Tea Party."

Sinn Féin in Belfast, the capital of Northern Ireland, said Mr Baker had been responsible for the "failed" policies the party has followed since the US played no progressive role in the search for peace in Ireland.

In London, Mr Baker's remarks were welcomed by Unionist and Conservative members of the House of Commons, but treated sceptically by British govern-



Party line: James Baker at the US Republican convention

ment officials. "There may be problems from time to time, but we get the sense that the Americans are fully abreast of the intricacies of Northern Ireland politics," an official said.

Mr Clive Soley, chairman of the House of Commons committee on Northern

Ireland and an MP with the opposition Labour party, said: "This is just the Republicans trying to get votes."

Mr David Wilshire, vice-chairman of the Tory backbench committee on Northern Ireland, welcomed Mr Baker's comments.

Lure of island paradise pales

Investors may regret the promise of 'low-risk' trading ventures

The sun-drenched dreams of international investors tempted by a Swiss company's seminars, have led to claimed currency trading losses of nearly \$27m.

Mr Robert Young, a Nottingham-based currency dealer, faces fraud charges in Jersey's Magistrates Court relating to the affair, which has also resulted in civil actions against a leading Swiss bank, a British firm of accountants and the Channel Islands' own regulatory authority.

The seminars in the Bahamas and Bermuda were run by a Geneva-based investment group, Mayo Associates, and a Liberian company, Troy Associates. Representatives of Cantrade Private Bank Switzerland (CI), a subsidiary of Union Bank of Switzerland, and the UK accountancy firm Touche Ross sometimes attended these forums. Ninety international investors were attracted to put up their money in "low risk" currency trading ventures said to be subject to a 10 per cent downside trading limit.

Their money was put into a Panamanian company, TTS International, which is wholly owned by Mayo, and then placed on deposit at Cantrade in St Helier, Jersey. Using this money as security, funds were released by the bank to Mr Young to carry out currency trading activities. According to court documents, Mr Michael Marsh, a Mayo director, told potential investors at one of the forums that funds of up to \$50m were traded in a day at Cantrade on the basis of the TTS money made available.

Mr Young had previously operated from Nottingham, where he was a director and owner of Anagram Economics Ltd (AEL), a company whose application for membership was refused in 1988 by the Association of Futures Brokers and Dealers, a predecessor of the Securities and Futures Authority.

He moved to Jersey in 1991 where he set up Anagram, a currency trader working out of a small St Helier office. Although self-employed, Mr Young was able to obtain a "J Category" licence to live in Jersey. Normally they are only issued to employees after their employer persuades island authorities that their presence is essential for the company's future.

It is understood that Mr Young's apparent close links

with Cantrade helped him to obtain the licence, and he ended up living in a property owned by a subsidiary of the bank.

It is alleged by Mayo and Troy that valuations produced by AEL and Anagram between 1988 and 1993 showed consistent profits from the currency transactions but that, in fact, the dealing resulted in substantial and consistent losses.

Including the return of commissions totalling \$1.6m, which were paid to Mr Young based on what are now alleged to be false profits, the total losses are said to be \$26.7m.

Mayo, Troy and TTS are now claiming this sum from Cantrade, saying the bank did not keep to the terms of its agreements, that it failed to inform the plaintiffs of the losses and that it should have stopped Mr Young from trading when the 10 per cent downside limit was reached.

They are also claiming the losses from Touche Ross, saying that its Nottingham-based partner Mr Alfred Williams audited the purported results of AEL's dealings and that they failed to check the accuracy of Mr Young's stated profits. Both Cantrade and Touche Ross deny the allegations.

Philip Jeune
Clay Harris

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When British steel producer Ispat last year bought the KarMet steel mills, a Soviet behemoth in northern Kazakhstan with an annual production capacity of 6m tons and 26,000 workers, the contract was hailed as the largest company takeover by foreign investors in the former Soviet Union.

But Ispat was taking on more than a creaking steel mill. If the company had struck the deal one week earlier, it would have bought a whole city. At that time, KarMet still owned 36,000 apartments, 25 kindergartens, seven farms, clinics, hotels, buses, a skating rink and a garment factory in Temirtau.

Upkeep and salaries for the 10,000 employees who worked for KarMet outside the factory compound added \$40m (£26m) to the plant's operating costs in 1995.

KarMet was on the verge of bankruptcy, enabling Ispat to demand that the government first take over the social assets, as well as at least \$200m (£125m) in old debts. Ispat reserved the right to take back any social assets that could be of use, such as the garment factory and the buses.

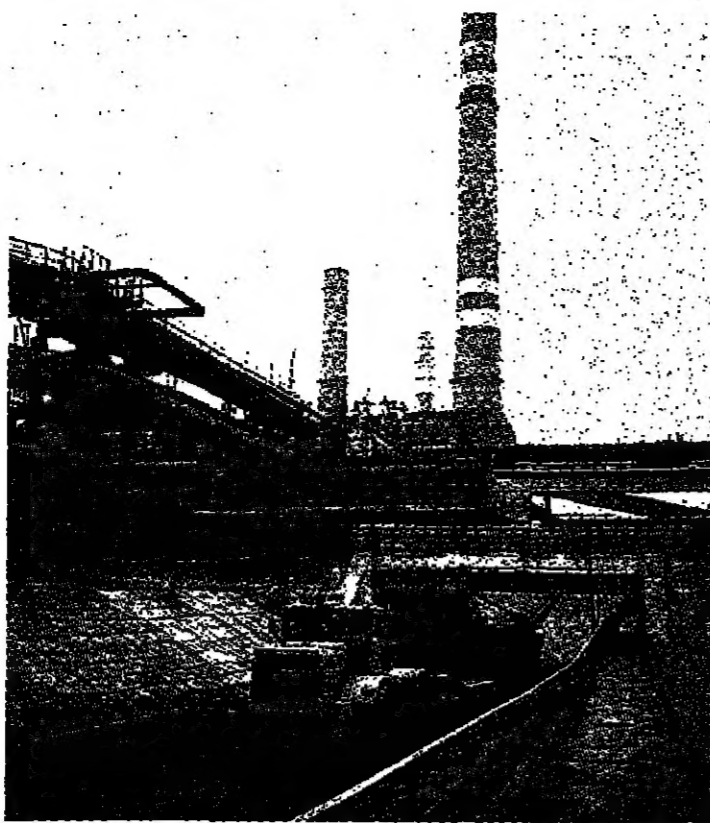
"As it turned out, a week before KarMet was handed over to Ispat I got the whole social sector dropped in my lap," recalls Aliy Karabalin, the mayor of Temirtau.

"Of course, that was not accompanied by any additional financing from the government. The government dumped all responsibility on our shoulders."

Its experiences offer a telling insight into the additional considerations facing potential investors when they move into former Soviet Union markets.

The UK company signed a contract with the city to provide \$10.5m to cover some social services, including the kindergartens, housing maintenance and the local hospital. "What does it help me if I have disgruntled workers because their apartments are cold," says Johannes Sittard, Ispat's managing director. "The only solution for us was to get involved. It is part of providing social welfare for our employees."

The economic downturn in the former Soviet Union and the inefficiency of many production lines has scared investors away from factories such as KarMet. But another barrier, less well known,



Ispat was taking on more than a steel mill when it purchased KarMet

Buyer beware

When a British steel producer bought a factory in Kazakhstan it nearly ended up with the whole town, reports Sander Thoenes

has been the additional cost of financing an extensive social welfare system that used to be provided largely by the state-owned enterprises.

"Even what they [KarMet] didn't own they regarded as theirs," says Liliya Barakova, a city official put in charge of the kindergartens that used to belong to KarMet. "They were never sorry. After all, if you include the wives and kids, the whole city depended on them anyway."

When asked why KarMet went bankrupt, Barakova smiles sadly. "I guess it's because they handed out money to each and every one."

Now that market reforms have

put real price tags on most products and state subsidies are phased out, the weight of maintaining the social sector has become too much for most enterprises. Kazakhstan, like Russia and several other former Soviet republics, is now trying to transfer these social services to the city governments. Temirtau is one of the first cities to feel the full effect of that move.

Cities receive no additional subsidies to run their social services and most Kazakhs cannot even afford to pay for electricity, let alone the repair of their dilapidated homes.

Foreign investors, such as Ispat, have little choice but to

chip in. In addition to supplementing the budget of Temirtau, Ispat also spends almost \$1m a month on occasional subsidies, sponsoring local participants in the Olympic Games and chipping in to ensure bread supplies.

"This we do as good corporate citizens, but at our own free will," says Sittard. "There's an endless queue of people who want something. It was done in the past, without any consideration that someone had to pay for it."

Some of the social services are learning to cut corners without serious damage to the inhabitants of Temirtau. KarMet's kindergartens were some of the best in the former Soviet Union, with pools, saunas, computers, special nurses and even English teachers. For every seven children there were two staff workers.

"The state paid for it all. We never counted money," says Barakova, of the city department for kindergartens. "Now we count every penny. Everything that is extra will now be charged to the parents. We have to economise somehow."

Zhanat Ertesova, deputy economics minister, regards "a change in the psychology of the people" as her government's main achievement in recent years. "Two years ago everyone just asked us for help. People have now started to understand that everything depends on them and their management skills," she says. "The job of the government is just to provide the conditions."

But in impoverished towns such as Temirtau, such logic will not suffice to make social services work in the difficult years to come. Patients at Temirtau's best hospital have to bring their own medication, bandages and syringes. When the power plant broke down, thousands of families were left exposed to 30°F frosts.

Investors such as Ispat and Chevron have to face the fact that many former Soviet citizens will associate such hardships with the foreigners who moved in to take over.

"The separation from KarMet has left the whole city at a loss," says Vladimir Nikitin, director of the Ice Palace, Kazakhstan's second largest skating rink. Nikitin is convinced his rink will not survive on its own.

"Everything is being sold off to foreigners," he says, frustrated with indignation. "That's fine if the buyers don't just think about stuffing their pockets. But they need to think about the city they're in too. You can't just let the city die."

Lessons from the sporting world

JOHN KAY



A century after the foundation of the modern Olympic Games, the unhappy saga of the Atlanta event leaves everyone disenchanted. To focus too much on winning devalues the game, in the end, what it is that is won.

Excessive commercial sponsorship destroys the worth of what it is that companies wish to sponsor. The old Olympic slogan claimed that the important thing was not the winning, but the taking part.

Today, all that seems very old-fashioned. More modern epigrams are "show me a good loser and I'll show you a loser" and "winning isn't just a matter of life and death, it's more important than that". The fusty functionaries portrayed in *Chariots of Fire*, who resisted the onset of professionalism in sport, and who insisted that individuals should subordinate their own concerns to those of the team and the event, now seem to us old-fashioned. But perhaps they had a point after all. It is not just the skills of David Patman which made the 1924 Paris Olympiad seem a magical event when contrasted with Atlanta 1996. There may be a lesson here, not just for other sports but for the way we run our businesses.

There is a tension between Adam Smith's invisible hand - which enables us to achieve social ends which were no part of our intention - and A.W. Tucker's Prisoners' Dilemma, the most famous application of game theory - which tells us that individually rational actions can give rise to collective outcomes which no one would choose.

Drug-taking by athletes offers a striking illustration of the Prisoners' Dilemma. It is obvious that the best solution for everyone would be that no one should use drugs. And that the worst result for me is that I don't and everyone else does, and the best is that I alone do. The consequence is that once drug-taking starts, everyone

must do it. Yet if they lead to the same improvement in the performance of each competitor, the result will be the same as if no one had done it in the first place. Everyone has lost.

The example illustrates the two ways in which we can resolve the problem. One is to apply an unwritten but accepted code of behaviour that simply made the taking of drugs something no serious athlete would consider. That was a flexible mechanism - it didn't stop you taking paracetamol for a headache - and for long enough it worked. It broke down under the combined pressures of the overwhelming desire to win and a legalism which says you can't win until it is prohibited by a formal rule. So we have now resorted to the second means of resolution, and invoked the formal rule. That

Neither war nor jungles produce much in the way of economically useful output

subjects everyone, whether they have been taking drugs or not, to the humiliation of urine samples and random testing. And it is far from infallible, so that every unexpected victory leaves a sour taste - of what substance? - in the mouth.

So when do we benefit from the invisible hand, and when do we suffer from the Prisoners' Dilemma? We benefit from the invisible hand in situations where rivalry between individuals, firms or countries acts as a spur to everyone's performance. And we suffer from the Prisoners' Dilemma when co-operative actions by individuals firms or countries are capable of producing more than the sum of what each could produce when working on their own.

The Olympics illustrates the issue well because it so clearly demands both. Without competition between individuals, there would be nothing to watch. And yet if the Games

amount to nothing more than the aggregate of individual competitors there is nothing which is worthwhile to watch. And commercial success depends, in general, on that tricky balance between competition and co-operation, which worked so well for many Olympiads but which seems no longer to exist.

As at the Olympics, the benefits of competition are greatest when that competition takes place within a framework of shared understandings and agreed rules, of which cannot ever be written down. Symbols and myths play an important role in presenting these understandings and rules.

The modern Olympics benefited from the fanciful notion that they were a revival of an event conducted millennia ago by the ancient Greeks. The Olympic flame demonstrated the continuity of traditions and values. Today, all these are reduced to empty rituals. The event organisers and the public relations consultants, connected to the values of the underlying business or the underlying function only by their monthly retainers, have taken over.

What sport illustrates so well is how exhilarating and productive can be the forces of competition within an organised and disciplined framework - and how tacky and tedious are the results of unbridled individualism. It illustrates also that if concepts like sportsmanship - adherence to values as well as rules - and team spirit - willingness to subordinate individual interests to the group - are features of a bygone age, then we are worse off for the passing of that bygone age.

We should remember that next time we hear a business leader using a military analogy or telling us that it is a jungle out there, it is not the analogies about jungles that matter but the jungles produce much in the way of economically useful output. The sporting metaphor, with its emphasis on the need for rules, conventions, teams and umpires, is a better description of how effective capitalist economies work.

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LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

IN THE MATTER OF THE CANADA LIFE ASSURANCE COMPANY OF GREAT BRITAIN LIMITED

IN THE MATTER OF THE CANADA LIFE ASSURANCE COMPANY (U.K.) LIMITED

IN THE MATTER OF THE INSURANCE COMPANIES ACT 1982

NOTICE IS HEREBY GIVEN that a Petition was on 11 July 1996 presented to Her Majesty's High Court of Justice in England by The Canada Life Assurance Company of Great Britain Limited ("CLGB") for an order under Part 1 of Schedule 2C to the Insurance Companies Act 1982 (as amended) ("the Act") sanctioning a scheme ("the Scheme") for the transfer to The Canada Life Assurance Company (U.K.) Limited ("CLUK") of the whole of the long term insurance business carried on by CLGB and making provision for related matters in accordance with paragraph 5 of the said Part 1.

Copies of the Petition and of a report on the Scheme by an independent actuary, as required by paragraph 2(1) of the said Part 1, may be inspected at each of the offices specified in the Schedule hereto during usual business hours for a period of at least 21 days beginning with the date of the first publication of this notice.

The Petition is directed to be heard before the Companies Court Registrar at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday, 15 November 1996 and any person, including an employee of CLGB or CLUK, who alleges that he would be adversely affected by the carrying out of the Scheme may appear at the hearing in person or by Counsel or solicitor. Any person who intends so to appear, and any policyholder of CLGB or CLUK who claims from the Scheme but does not intend so to appear, should give notice in writing of such intention to the court, and the names of the persons named below not less than two clear days prior to the hearing.

Copies of the documents specified above will be supplied by such solicitors to any person requiring them before the making of an order sanctioning the Scheme on payment of the prescribed charge.

18 July 1996

Liddians & Paines (Ref: AV/0808), Barrington House, 59-67 Gresham Street, London EC2V 7JA

Solicitors for CLGB and CLUK

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French midsummer storm

Mr Alain Juppé, the French prime minister, last year scornfully referred to financial market traders as "the gnomes of London". But two days ago - after two weeks during which the franc had depreciated by up to 3 centimes against the D-Mark - he felt obliged to make a robust response to rumours in the foreign exchange markets and publicly defend the French currency.

He interrupted his August holiday deep in the south west of France to dismiss recent pressure on the franc as "a storm in a teacup". During a trip to the capital on Wednesday lasting just a few hours, he rejected suggestions that there was any rift between his cabinet and the Bank of France.

It was the latest move in a series of machinations involving politicians and senior officials who are arguing over the role of the central bank in monetary policy against a backdrop of the struggling French economy.

In public, the centre-right Gaullist government stresses its confidence in the central bank, which was given autonomy from the nation's politicians and the task of determining monetary policy under a special law passed in 1993.

In private, it is clearly frustrated that the institution is proving far more independent in its decisions on interest rates than the ruling party - or many outside observers - had expected.

"It is just not in the Gaullist tradition to accept alternative power centres," says Mr Jean-François Mercier, economist with Salomon Brothers. He recalls the frustration of General de Gaulle himself when faced with any opposition - whether from the French senate, critical journalists or his European Community partners.

Mr Philippe Briand, a member of the National Assembly and fellow member of Mr Juppé's RPR party, put it rather more strongly this week: "There are laws for which you regret having voted, which give you a stomach ache. The law... which gave the

The franc's fall has intensified the row over the central bank's role, says Andrew Jack

Bank of France its independence is one of them."

The roots of the conflict between the government and the Bank of France can be traced to July 14 this year, when Mr Jacques Chirac, the president, gave a television interview in which he made no effort to hide his irritation.

Discussing the heavy losses incurred by the banks Crédit Lyonnais and Crédit Foncier, both now subject to costly state-backed restructuring plans, he said the supervision provided by the Treasury and the Bank of France "was not well exercised".

The reference was widely interpreted as a direct attack on Mr Jean-Claude Trichet, who was head of the Treasury from 1987 until his nomination in 1993 as governor of the Bank of France - a role which he can continue to exercise theoretically free of government interference until his contract expires in 1998.

Tensions were exacerbated last week, when Mr Jean Arthurs, minister of economics and finance, said he had formally requested the Ministry of Justice to consider whether criminal action could be brought against those at the most senior level responsible for the past mismanagement of Crédit Lyonnais.

Encouraged by discreet "There are laws for which you regret having voted. The law which gave the Bank of France its independence is one of them"

Mr Chirac returned to the underlying theme of the Bank of France's role in his July 14 television address. "Interest rates are clearly too high," he said. "There is

significant scope for reduction."

The Bank of France points out that interest rates are at their lowest levels for 20 years. It stresses that its cautious approach is the only way to control inflation and create the necessary conditions for sustainable economic growth and monetary union.

But many economists and bankers share Mr Chirac's view. In private, the government makes no secret of its frustration both at the Bank's rates and its policy of progressive small cuts rather than any bold reduction.

The critics come from all political backgrounds. Mr Marc Blondel, head of Force Ouvrière, the public-sector union which helped organise the industrial action which paralysed the country late last year, said recently: "If the Bank of France, if the financiers, create the laws, what value does the vote of the French have? We have given a mandate to people who say they do not have any margin to manoeuvre. That cannot last."

There is little doubt that during a climate of uncertainty, and while trading is thin during the mid-August holiday period, criticism of Mr Trichet and the tensions with the government have helped depress the franc.

But Mr Mercier of Salomon Brothers argues that the markets are primarily responding to the more serious underlying questions of France's sluggish economic growth, the ability of the government to maintain its spending reduction targets, and fears of renewed social unrest this autumn.

Mr Trichet serves as a useful whipping-boy for a government keen to divert attention from its own slow pace of reform and the unpopular nature of its policies.

Meanwhile, the governor is apparently unconcerned by the latest polemic. He saw no need to follow Mr Juppé's lead in returning to Paris to calm the storm. He remains on holiday enjoying the coastal breezes in St Malo.

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LETTERS TO THE EDITOR

Number One, Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171 873 5938 (please say fax to "letters"). E-mail: letters@ft.com. Published letters are also available on the FT web site: <http://www.ft.com>

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Concern at time limit for tax claims

From Mr Peter Agar.

Sir, Confederation of British Industry members share the concerns raised in your article ("Tax claim time limit comes under fire", August 8). The proposal to introduce a three-year time limit on businesses reclaiming overpaid VAT will have serious consequences for business, especially as Customs & Excise will still be allowed to recover VAT for up to six years. The consultation document and draft clauses, which Customs & Excise issued on August 7, has reinforced these concerns.

Recent cuts in Customs & Excise staffing levels will result in small and medium-sized businesses being

audited less frequently. If Customs & Excise discover and assess a systematic error going back over six years a business could face a crippling tax demand. As a result, small- and medium-sized businesses could be financially penalised and competitively disadvantaged.

A business disputing a VAT assessment has to pay the full amount in dispute before taking the case to court. On the basis of the draft clauses, were an appeal to extend beyond three years, a business which wins its appeal may have no absolute right to recover its funds.

Any repayment could depend on the discretion of the tribunals and courts.

This surely cannot be a basis on which to legislate.

The proposals make no mention of transitional arrangements to mitigate the worst effects of this retrospective legislation. As they stand the proposals will affect disputes in appeal and already agreed VAT repayments going back beyond the three-year time limit. This is totally contrary to the spirit of the government's Taxpayers' Charter. The issues merit a wide-ranging public debate.

Peter Agar, deputy director-general, CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU, UK

Tobacco sales

From Mr Paul Mason.

Sir, The reason that independent retailers of tobacco are suffering sales losses ("Retailers cheered by sales growth", August 9) is that excessively high UK tobacco tax encourages people to smuggle cheaper duty-paid tobacco from the continent to the UK for illegal resale. Evidence suggests that tobacco smuggling is not a small-scale business.

Research from the Tobacco Alliance last year indicated that independent retailers of tobacco were losing a total of £2.1bn every year in sales, with the government losing £1.6bn excise revenue.

Under these circumstances, it is no wonder that tobacco retailers are not reporting a growth in sales. The only way to help retailers reclaim lost sales, and the Treasury to reclaim lost revenue, is for the chancellor of the exchequer to freeze tobacco tax in the Budget.

Paul Mason, national spokesman, Tobacco Alliance, Haymarket House, 22/23 Haymarket, London SW1Y 4SP, UK

Burma and Asean

From Ms Patricia Wilkinson.

Sir, Regarding your article "Malaysia lifts Burma's bid to join Asean" (August 14) I am amazed at Dr Mahathir Mohamed's short memory.

It was only some three years ago that he severed all communication with Burma because of the military regime's persecution of the Rohingyas, a tribe of Burmese Moslems living on the Arakanese coast. The Rohingyas are still suffering from the atrocities committed against them; they will neither forget nor forgive.

Patricia Wilkinson, Bell Cottage, Sutton Benger, Chippenham, Wiltshire SN15 4RD, UK

Turkey's conclusions

From Mr Osman Streeter.

Sir, Mr Evangelou, who has somewhat emotional views on the recent events in Cyprus (Letters, August 14), may like to know that four broad and rather more rational conclusions have been drawn in Turkey.

First, the Greek Cypriot government is not interested in a solution. A government that allows such an irresponsible crossing of the border cannot be a government that is also responsibly keen to pursue negotiations.

Second, the United Nations cannot be relied upon. As a token presence, fine; but when the going gets remotely rough the UN will get pushed aside.

Third, the presence of the Turkish army in Cyprus is vital for the protection of Turkish Cypriot citizens. Fourth, the continued separation of the two ethnic groups is a force for peace.

The British presence in Cyprus from 1878 to 1960 isolated the Greeks and Turks of Cyprus from the centrifugal force of nationalism. But it is time to stop pretending that there is any such entity as the Cypriot nation.

Osman Streeter, Savile Club, 69 Brook Street, London W1Y 2ER, UK

Developing countries' debt repayments

From Mr Kevin Watkins.

Sir, For an advocate of "real world" solutions to the problem of poor country debt, Karl Ziegler (Letters, August 13) shows a curious detachment from reality, especially as it relates to poor people.

This year the world's poorest countries will transfer to their creditors about \$12bn in debt repayments. Simply stated, these transfers are beyond the fiscal and export capacities of the countries concerned, absorbing more than one quarter of their export earnings. Unsustainable debt profiles are also a deterrent to domestic and foreign investment.

Less widely appreciated is the impact of debt on people. Public spending on external debt servicing dwarfs social spending in many of the world's poorest countries, reinforcing poverty and deprivation.

In Uganda, where one child in five does not live to see its fifth birthday because of largely preventable diseases, the government spends three times more on debt repayments than on health.

There is now a real opportunity to end such intolerable circumstances. Under a framework developed by the World Bank, and supported

by the US and UK governments, a ceiling would be set on debt repayments from countries which adhere to adjustment programmes releasing resources for investment in social and economic recovery. Advocates for developing countries' poverty reduction should be supporting the adoption of this framework, which is being obstructed by the combined opposition of the International Monetary Fund, Germany and Japan.

None of which is to suggest that we are unaware of the problems created by corrupt and unaccountable governments. Like Mr Ziegler, we would support efforts to recover, and use for debt relief purposes, funds stolen by developing countries' leaders. Unlike him, however, we do not believe that action on debt can await the creation and deployment of accountants, bankers and lawyers charged with recovering these funds and cleaning up Africa.

Surely what is needed is action to ensure that the benefits of debt relief are transferred to the poor.

Kevin Watkins, senior policy adviser, Oxfam, 274 Banbury Road, Oxford OX2 7DZ, UK

Europa • Michael Stürmer

Resist the melting pot

An integrated Europe should seek to preserve the diversity of its constituent nations

Europe's strength is in its diversity. An English police officer, a German mechanic, a French cook and an Italian lover - this is how Europeans would like their Europe to be. "E pluribus unum" is an American ideal, the melting pot. The European idea is rather "cuius est solum" - in other words, to give unto Brussels no more than necessary.

Europe-builders should therefore pause before trying, once again, to square the circle and push for political integration. Much as in the past, today's Europeans are united in loving their differences more than their unity.

Throughout the ages, Europe could never be brought together by hegemony but only through balance, which rests on the recognition of difference. European integration is a matter of the mind, while national identity - whether expressed in the union flag, the D-Mark or the memory of Poland's sufferings - is one of the heart.

It should not be overlooked, in this time of globalisation and agonising economic adaptation across Europe, that the welfare state is still a fortress of nationhood. National governments are rejected or rejected according to their performance in providing comfort and confidence. National welfare systems suffer from adverse demographic conditions in ageing populations throughout Europe. While Europe is being constructed and reconstructed it is not so much the Brussels administration that is at stake but the



De Gaulle: conflicts were the Thirty Years war of our age

survival of our democracies. Instead of fine-tuning the unity machine, it may be useful to go back to basics and ask what is so European about the Europeans?

The answers range through history, geography and economics to the climate, the Roman law tradition, the crusades, the Renaissance, the Enlightenment and the industrial revolution. Even the first and second world wars, seen in a long perspective, now tend to be interpreted like the most dramatic episode of a long European civil war - as General de Gaulle put it in 1964, the Thirty Years war of our age. Most of all, four decades of the cold war, when Europe was divided between the Soviet empire and the American-led Atlantic alliance, contributed to the acceptance of a common destiny.

The end of the cold war, however, far from bringing a plentiful European harvest, saw Europe deeply disoriented over its destiny, form and role in the world. The western part tried to

redefine its internal balance, but could find agreement only in striving towards an ever more integrated market. The poor eastern relations were uneasily invited to join the party, please, but not too soon.

While the Maastricht treaty's Part One rests on the assumption that economic interests, and above all the common currency of the future, will force European countries together, the meandering formulas of Maastricht's Part Two on political union should make everybody hedge their bets. When it comes to European defence, the bottom line is still Nato.

Europe is, as Thomas Mann wrote about his native town of Lübeck, above all "geistige Lebensform" - a spiritual concept. It implies essentially the notion of balance more than the notion of unity, let alone hegemony. Without a threat from outside - which is unlikely to emerge overnight - Europe will probably continue to integrate and merge its economic, technological and

financial energies over time. But to translate the very variable geometries of Europe into an overall political structure resembling a state would, now and for the foreseeable future, not bring the desired results but endanger even the less ambitious objectives.

There remains within this broader European dilemma a specific German one arising from the country's share of Europe's economy and population - the country accounts for about 30 per cent of the EU's GDP. In a federal Europe or in the Europe of nation states, most of Germany's neighbours fear that it is in Germany's Europe that they will have to live, not their own. The Germans, meanwhile, do not wish to lose their European dream because they are less sure than most of the others about their national dream.

The great American vision has been to forge one continental nation. For the Europeans from Oslo to Palermo and from Bristol to Brest, let alone to the Urals, this would be a nightmare.

European reality is, at best, unity in diversity. This is the charm of Europe, but also its predicament. As the prevailing state of mind is not likely to change through political preaching, treaty clauses or even the exigencies of a common currency, if Europe is to advance beyond economic integration it will require more the skills of the gardener than those of the engineer, favourable weather conditions, and plenty of time.

Europe-builders will have to blend their grand visions with a sense of time and history. They will also have to practise some rare political virtues: modesty, self-restraint, and a sense of proportion.

Michael Stürmer is director of Stiftung Wissenschaft und Politik, a German foreign affairs and defence policy institute.

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Touche Ross and UBS unit face civil action

Jersey fraud charge after currency loss

By Philip Jeune in Jersey and Clay Harris in London

A British man has been charged with fraud in Jersey in a case linked to foreign exchange trading losses of \$26.7m allegedly incurred by 90 international clients of Swiss-based investment managers.

The criminal charges in Jersey's Magistrate's Court are linked to a civil action which claims that Touche Ross, the UK accountancy firm, and a Channel Islands subsidiary of Union Bank of Switzerland are liable for the trading losses.

Mr Robert John Young, 43, was arrested in Nottingham and taken to Jersey in police custody. He denies charges of falsifying profit figures and concealing losses on funds placed under his control.

It is understood that the Jersey Fraud Squad decided to proceed with the arrest when it heard that Mr Young was planning to travel to Dubai.

The Jersey authority responsible for regulating financial services on the island also faces a legal challenge based on its alleged failure to investigate Mr Young after

receiving a complaint in 1994.

The plaintiffs in the civil action are a trio of companies based in Switzerland, Liberia and Panama - alleged that Cantrade Private Bank Switzerland (CI), a subsidiary of UBS, "shut its eyes" to the losses and failed to warn their clients. They also accused Cantrade of "fraudulent trading".

They claim that Touche Ross, through a now retired partner, Mr Alfred Williams, audited the trading figures and failed to check accurately the profits being claimed by Mr Young. Cantrade and Touche Ross deny the allegations.

A second action, brought against Jersey's Finance and Economics Committee, seeks a judicial review of its decision in 1994 not to undertake an investigation into the trading activities. The plaintiffs' lawyer, Philip Snel, sent the committee a strongly worded complaint about Cantrade in August 1994, calling on the committee to carry out a full investigation.

The committee said it did not believe there were grounds for investigation. Mr Michael

Marsh, director of one of the plaintiff companies, wrote a letter in November 1994 which said \$26m had "vanished into thin air". He said Mr Young was Cantrade's agent and that the bank had paid secret commissions to Mr Young.

UBS said last night Mr Young had never been employed by the group. It described him as an independent asset manager who had had a business relationship with Cantrade.

It is understood that the committee has since said it will reconsider its decision not to carry out an investigation.

Detective Inspector Peter Roper told the Jersey court on Tuesday that the current charges against Mr Young were likely to be replaced in due course by charges that related to more serious and complex fraud.

Mr Young, who was placed on £10,000 (\$15,600) bail, has had to surrender his passport and must report to police three times a week.

Additional reporting by William Hall in Zurich.

Dreams of riches, Page 6

US envoy seeks to heal rift with allies over Cuba

By Nancy Dunne in Washington

The White House will today appoint Mr Stuart Eizenstat, Commerce Department trade undersecretary, as special envoy to the European Union, Canada and other countries whose companies may be hit by US laws aimed at discouraging investment in Cuba.

Mr Eizenstat said yesterday he would seek to work with US allies "to have a more co-ordinated approach to the promotion of democracy in Cuba, in the hope that by doing so we will avoid the trade frictions that have arisen".

Washington's allies, including the EU, Canada and Mexico, have been angered by the passage this year of the Helms-Burton Act, which allows US companies and individuals to file suits in US courts against foreign groups "trafficking" in or profiting from property confiscated after Cuban president Fidel Castro came to power in 1959.

President Bill Clinton last month waived implementation of this provision for at least six months. However, the act also requires the State Department to bar from entering the US executives of companies which "traffic" in confiscated American property in Cuba. The EU has been examining ways of retaliating.

As US ambassador to the EU until recently, Mr Eizenstat is widely seen in Brussels as the best possible candidate to take on the daunting mission of damage control.

The EU has welcomed Mr Clinton's waiver and said it "shares America's desire for reform in Cuba, although it does not believe that threatening sanctions against Washington's trusted allies is the best way to achieve it". It said, however, it would "push for political freedom, human rights and open markets in Cuba".

Mr Eizenstat will defend the sanctions - and separate legislation targeting companies investing in the energy sectors of Iran and Libya - as "exceptions to the rule" by an administration increasingly committed to acting multilaterally on trade. He is to keep his existing job and spend about one-quarter of his time on the Cuban question.

THE LEX COLUMN

Taken to the cleaners

The real motive behind the falsification of ISS's US profits remains a mystery. Did the perpetrators hope to gain financially or rise through the corporate hierarchy, or was there some other reason? The answer is unclear. But the high-flying Danish cleaning group's fall from grace does illustrate an all-too-common cautionary tale.

Like Barings with its Singaporean money-spinner or Ferranti with its International Signal acquisition, ISS was so impressed with the reported profits coming from the US that it failed to exercise sufficient control.

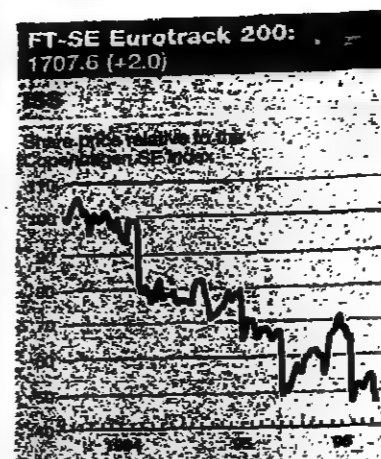
ISS's inflated earnings were created in two ways: by booking non-existent profits and by providing insufficient sums for insurance liabilities. One effect of generating fictional profits was that ISS's US business was seemingly able to afford an acquisition spree. The acquisitions, in turn, helped disguise how badly the underlying business was performing. It now emerges that, after stripping out acquisitions, the US operations have been shrinking for several years.

Fortunately, ISS is not going bust. Its balance sheet has been holed, but its European businesses - which enjoy strong organic growth and margin improvement - are healthy. ISS is now looking to rid itself of majority control of its US business. It is most unlikely to receive any cash for doing so. But if it can saddle the US operations with anything near the DEXUS debt they now carry, the group balance sheet will be repaired. ISS's unloved shares might then even look cheap.

BASF

Even small mercies should be gratefully received, so it would be churlish not to applaud BASF's long-awaited disposal of its loss-making magnetic tape and potash businesses. Shedding DM63m sales out of DM460m is hardly earth-shattering but - given BASF's historically cavalier attitude to investors - it is a start.

In the grand scheme, the disposal is simply a matter of house-keeping. The more fundamental question BASF faces is how to shake up the market's perception that it is a vulnerable cyclical chemical stock. At the moment, only about 10 per cent of its sales are non-cyclical - a much smaller portion than with Bayer or Hoechst, its main rivals - which explains why its shares trade at a discount.



BASF's great hope lies in its large investment in natural gas distribution. This should serve as a buffer when the chemical cycle turns down, and may even provide a basis for a re-rating. But the three German chemical stocks tend to trade in tandem so further progress may require news about the demerger of Hoechst and Bayer's pharmaceutical assets.

With ratings in the drugs sector inflated, shareholders will be hoping BASF does not pay over the odds to gain critical mass. They should also press for yesterday's disposals to be followed by other efforts at improving shareholder value. BASF's support for changing the law to allow share buy-backs is a step in the right direction. Greater disclosure when its results are released next week would be further progress.

Hanson

It was the last hurrah for Hanson the conglomerate, which begins its demerger in October, but yesterday's profits announcement gave investors little to cheer about. After stripping out disposals and the demerger of USI, profits in the third quarter fell 21 per cent.

Nonetheless, all attention is now on the relative attractions of the four future Hanson units, and the prospects look mixed. Millennium Chemicals has been hurt by falling prices at its Quantum and SCM units. At least Quantum is on a recovery track, but it is too early to tell if SCM's recent price increases will stick. And it is pretty odd that Hanson, the great corporate raider, has resorted to poison pill defences for Millennium to ensure it is not

snapped up by a hostile bidder. So much for Hanson's creed of corporate Darwinism. Tobacco is churning out reliable cash flow. But despite being unaffected by the US tobacco giants' recent legal setbacks, its valuation may take a knock. The building materials division is recovering in the US, but a weak UK construction market is holding back growth. Meanwhile, valuations for the demerged Eastern Group must be reduced, given a tougher regulatory backdrop.

Hanson's lowly share price reflects the likely sum of its parts. But investors who want exposure to one division would do well to wait. When USI was demerged last year, UK investors bailed out almost immediately. They are likely to follow suit in Millennium, while many US investors could exit Imperia Tobacco. This should finally throw up some real value.

Lloyd's trusts

The first hostile bid for a Lloyd's of London investment trust is a watershed for the sector. There are too many small funds, with few distinguishing features, high costs, and no stock market liquidity. But there has been a surprising degree of resistance to friendly mergers. Even the agreed acquisition of HCG Lloyd's by CLM did not offer much of a premium for investors. The hostile bid by Benfield & Rea Investment Trust (Brit) for HCG Lloyd's holds out hope that longer-suffering shareholders in the poorer performing funds may get the chance to exit at a price that at least reflects some of the value of their funds' future underwriting income. Meanwhile, the enlarged funds can squeeze out some costs, while gaining more clout in the market.

Such bids will also hasten the ongoing restructuring of the Lloyd's market. Coinciding with this hostile bid, Brit announced plans to buy a stake in Wren, an agency which manages underwriting syndicates. Limit, another so-called "grass fund", has recently acquired control of two managing agencies. This creates the potential for funds, which started life as independent providers of capital to the Lloyd's market, to evolve into niche insurance companies. That will eventually make life tough for the smaller funds that get left behind. With fewer independent managing agencies, it will be harder for them to get access to the more attractive syndicates.

Belgrade seeks to restore World Bank membership

By Kevin Doran, East Europe Correspondent

The Federal Republic of Yugoslavia, which now comprises only Serbia and Montenegro, has launched an intensive effort to normalise its relations with the international financial community.

It is seeking an early restoration of its membership of the International Monetary Fund and the World Bank and has launched parallel negotiations with both the Paris and London Clubs of sovereign and commercial creditors.

Meetings with most groups of creditors are due to take place in September, as Yugoslavia seeks to take early advantage of the momentum created by next month's planned elections in Bosnia and the hoped-for final lifting of UN sanctions.

Belgrade, isolated since 1992 from international capital markets, is seeking to negotiate

the restructuring of its foreign debts. It wants to gain access to new funds to begin the daunting task of rebuilding its war-torn economy.

Mr Tomislav Raičević, Yugoslav finance minister, said in an interview that the country's foreign debt totalled around \$8bn, including principal and past due interest.

Rump Yugoslavia has been in default since 1992 following the collapse of former Yugoslavia and the start of war in Bosnia and Croatia.

Mr Raičević said around \$8bn was owed to sovereign and commercial creditors with approximately \$3.6bn owed to Paris Club countries and \$2.6bn to the London Club of around 200 commercial banks and other financial institutions. Debt to the World Bank totals around \$1bn, with the IMF accounting for around \$100m. Other institutions account for Yugoslav debts of around \$800m, including

\$800m to the European Investment Bank.

The exact scale of debts owed to both the Paris and London Clubs remains to be settled. Disputes continue over the share of the debt of former Yugoslavia that should be shouldered by Belgrade and by the other former Yugoslav republics.

Slovenia, Croatia, Macedonia and Bosnia-Herzegovina have all become members of the main international financial institutions, and Slovenia and Croatia have reached definitive settlements recently with the London Club.

Belgrade has begun preliminary negotiations with foreign creditors, and is optimistic of making "tangible progress" next month with the IMF. It is urgently preparing economic data for the negotiations, and figures for 1995 as well as forecasts for 1996 and beyond are to be presented to the commercial banks next month.

France gives industry spur for cut in working hours

Continued from Page 1

reduced working hours when he met unions in December. Further talks took place last month and several reports have been submitted to the government, including one by

Mr Michel Rocard, former Socialist prime minister. Some agreements have been reached in the metalworking industry to offer a shorter working week in exchange for a more flexible shift system, but they have not led to an

increase in employment. Last month, the National Federation of Co-operative Dairies signed an agreement with unions based on the new law, proposed by Mr Gilles de Robien, a member of the national assembly in the UDF

centre-right ruling coalition. Other companies undergoing restructuring - including Credit Lyonnais, Gist and Moulins - are also discussing ways in which they might apply the new legislation to preserve jobs.

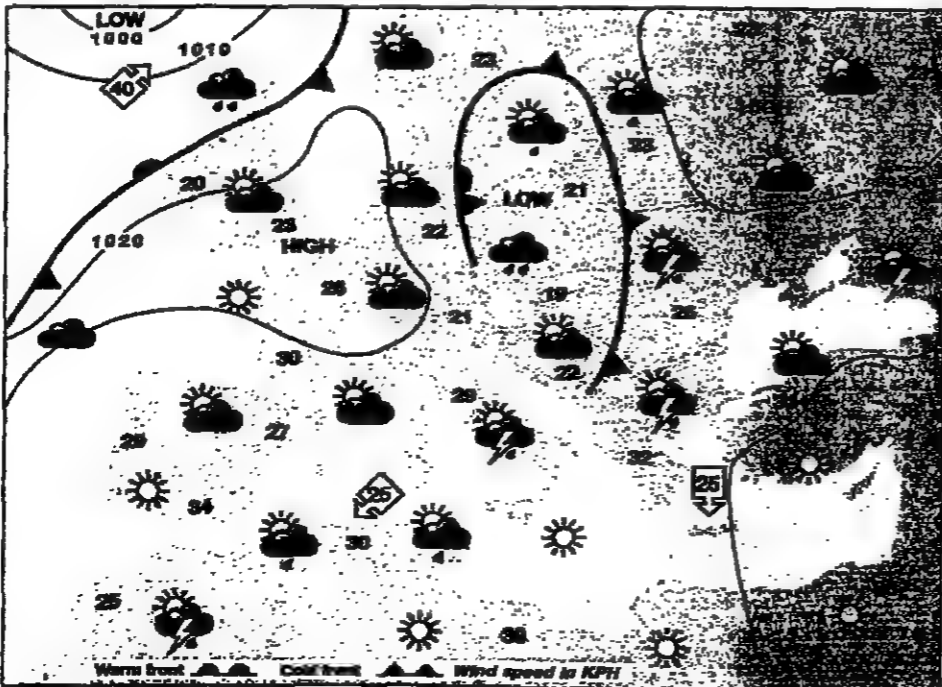
FT WEATHER GUIDE

Europe today

Conditions in western Europe will gradually improve. The Benelux, France and western Germany will be partly cloudy and dry. Most of England will have sunny periods but a cold front will produce light to moderate rain over Northern Ireland and Scotland. Eastern and southern Europe will have thunder showers. Some will be rather heavy over Romania and Bulgaria. Rain is expected in western Austria and Hungary. Spain will be fair with abundant sunshine but Italy will experience several thunder storms.

Five-day forecast

Scotland and Ireland will stay rainy. After the weekend, Wales and western England will become wet as well. Western Europe will remain dry until Tuesday when thunder storms will develop over France. Showers will diminish over eastern Europe and clearing skies will spread westward. Bulgaria and northern Greece will still have thunder storms.



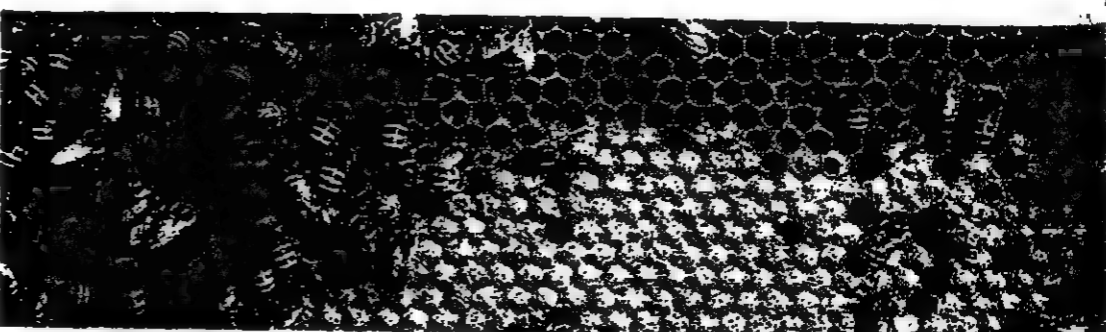
TODAY'S TEMPERATURES

Abu Dhabi	sun 33	Caracas	fair 32	Paris	sun 27	Madrid	sun 34	Rangoon	cloudy 31
Aden	sun 33	Cairo	sun 32	Frankfurt	sun 27	Moscow	sun 30	Rayonville	cloudy 32
Algiers	sun 33	Chengdu	cloudy 25	Geneva	sun 27	Nairobi	sun 34	Rio	fair 29
Amsterdam	sun 33	Chicago	sun 27	Hamburg	sun 27	Manila	sun 32	Rome	fair 29
Athens	sun 33	Cologne	sun 27	Helsinki	sun 27	Melbourne	sun 32	S. Francisco	sun 24
Bahia	sun 33	Dallas	sun 27	Hong Kong	sun 27	Mexico City	sun 32	Seoul	sun 31
Bangkok	sun 33	Delhi	cloudy 28	London	sun 27	Miami	sun 32	Stockholm	sun 28
Bombay	sun 33	Dubai	sun 42	Luxembourg	sun 27	Montreal	sun 32	Strasbourg	sun 28
Buenos Aires	sun 24	Dublin	cloudy 20	Madrid	sun 27	Moscow	sun 30	Sydney	sun 10
Calcutta	sun 33	Durban	sun 35	Manila	sun 32	Munich	sun 32	Taipei	sun 28
Cairo	sun 33	Edinburgh	sun 21	Medford	sun 32	Naples	sun 32	Tokyo	sun 32
Cape Town	sun 27			Mexico City	sun 32	New York	sun 27	Toronto	sun 21
				Minneapolis	sun 27	Oakland	sun 27	Vancouver	cloudy 21
				Philadelphia	sun 27	Orlando	sun 27	Venice	sun 24
				Pittsburgh	sun 27	Portland	sun 27	Washington	sun 23
				San Francisco	sun 27	San Jose	sun 27	Wellington	sun 13
				Seattle	sun 27	Singapore	sun 27	Whitby	sun 28
				Shanghai	sun 27	Sofia	sun 27	Zurich	sun 21

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Business volume	DM 58.7 bn
Total assets	DM 58.5 bn
Medium-term and long-term loans	DM 37.7 bn
Short-term loans	DM 2.2 bn
Bonds issued	DM 28.6 bn
Liable equity capital	DM 2,344.0 m
Net interest income	DM 222.8 m

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Annual Report on request.

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FINANCIAL TIMES COMPANIES & MARKETS

THE FINANCIAL TIMES LIMITED 1996 Friday August 16 1996

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IN BRIEF Chip price slide batters Samsung

The sharp fall in global semiconductor prices caused a 60 per cent fall in net profits at South Korea's Samsung Electronics to Won453bn (\$600m) for the first half of 1996. Analysts predicted profits for the full year would be far below last year's Won2,506bn. Page 14.

Nintendo shares tumble 8.6%

In Tokyo, shares in Nintendo, the Japanese computer games group, came back from suspension and bottomed at ¥8,820, before closing ¥8,800 or 8.6 per cent lower at ¥7,040. Analysts were sceptical about shipment projections for the company's new 64-bit games machines, and criticised Nintendo's maintenance of its profits forecast. The Nikkei 225 index fell 12.96 to 20,969.26. Page 34.

Finland's Aker to offer pulp derivatives
An exchange for pulp and paper derivatives is due to be launched in Helsinki on September 9. After years of wild price gyrations in their sector, the exchange will offer pulp industry executives a chance to hedge against future price swings. Page 24. UPM offers gloomy forecast for paper industry. Page 16.

ABN Amro rises 30% in first half
ABN Amro, the Dutch bank, reported a 38 per cent rise in net profits to F1.70bn (\$1.02bn) from F1.24bn for the first half of the year, matching the strong growth of most of its European rivals. Mr Jan Kalf, chairman, said investment banking had shown the sharpest improvement. Page 18.

Currency shifts hold back Astra
First-half profits at Astra, the Swedish pharmaceuticals group, rose 7 per cent to SEK6.76bn (\$1.01bn) but the improvement fell about SEK200m short of market expectations as adverse currency effects slowed the sales growth of the company's leading drugs. Page 15.

Ship sales lift Orient Overseas
Orient Overseas, the Hong Kong shipping group, reported a 38 per cent rise in net profits to HK\$1.70bn (\$1.02bn) from HK\$1.24bn for the first half of the year, matching the strong growth of most of its European rivals. Mr Jan Kalf, chairman, said investment banking had shown the sharpest improvement. Page 18.

Lloyds set for broker's hostile takeover
Lloyds of London was poised last night for the first hostile takeover bid among the new generation of corporate capital providers that are increasingly dominating the insurance market. The Benfield & Rose Investment Trust launched a surprise £79.8m bid to acquire HOG, another Lloyds investor. Page 16.

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Ericsson shares lifted by 31% first-half rise

By Hugh Carnegie
in Copenhagen

Ericsson, the Swedish telecommunications group, yesterday posted a 31 per cent rise in profits in the first half which prompted a more than 5 per cent surge in its share price.

"We have not noted any reduction in demand for mobile equipment," said Mr Lars Ramqvist, chief executive. "On the contrary, the rate of market activity continues to be high. The number of mobile telephone subscribers throughout the world has now passed the 100m mark."

The world's leading supplier of mobile telephony equipment said its mobile sales had grown 36 per cent during the period. This was the driving force behind a jump in pre-tax profits from SEK19.5bn to SEK24.2bn (\$3.8bn).

Earnings per share rose from SEK2.42 to SEK3.06.

There was little sign of any weakening of the trend in the second quarter, when pre-tax profits rose 38 per cent from SEK2.7bn to SEK3.7bn, fuelled by a similar rise in sales by the mobile telephony division, Ericsson's biggest unit.

The result, at the top end of market expectations, pleased

investors and Ericsson's most-traded B-share rose SEK8.0 on the day in Stockholm to close at SEK147.

The reaction followed a similar response last week to first-half results from Nokia, Ericsson's Finnish rival. Nokia posted a more than 50 per cent slump in profits - but it also reported healthy 30 per cent sales growth in its mobile telephone operations, which returned to profit in the second quarter after a loss in the first three months.

Ericsson's mobile division saw sales increase in the first half from SEK28.4bn to SEK31.6bn. Sales in the fixed telephony division, which is restructuring in response to low market growth, fell from



SEK10.9bn to SEK9.8bn. Ericsson said orders were up, but profits remained weak.

The group did not give figures for divisional profits. But it appeared to have largely survived a trend within the mobile industry of falling prices and margins. Its strength in mobile infrastructure, where competition is less fierce than for handsets, has helped it achieve this.

However, analysts said it was not clear how long Ericsson could sustain this. "It still may be just a matter of time before the rising competitive pressures they themselves have warned about hit them," said one London-based telecoms analyst.

Mr Ramqvist also noted that Ericsson had negative cash flow, caused by the group's fast expansion costs and heavy demands from customers for help with financing orders.

"To improve cash flow, we may have to divest certain operations and also continue to develop joint ventures of various types," Mr Ramqvist said.

Group sales rose during the second quarter from SEK23.4bn to SEK27.4bn, lifting first-half sales from SEK43.2bn to SEK50bn.

Order bookings in the first half were up 30 per cent at SEK59.5bn.

Vitro to sell US glass operation

By Leslie Crawford
in Mexico City

Vitro, the Mexican glass manufacturer, plans to sell its US subsidiary, Anchor Glass, after reporting a net loss of \$85m in the first half of the year.

"Due to Anchor's unfavourable results and its liquidity requirements, Vitro is inviting bids for the purchase of Anchor. We are holding talks with interested parties," Mr Federico Sada, Vitro's director-general, said.

Mr Sada said proceeds from the divestiture would be used to lower Vitro's \$450m debt. He hoped Vitro would recoup its \$5m peso investment in Anchor Glass, which is the third-largest glass container manufacturer in the US.

Salomon Brothers, the US investment bank, said in a report that Vitro's substantial leverage had been a concern to investors, contributing to the slump in Vitro's share price this year. The company has a total debt to capital ratio of 55 per cent.

Vitro's disappointing first-half results were also affected by losses at Grupo Serfin, Mexico's third-largest financial group. Vitro is one of Serfin's controlling shareholders.

This year, Vitro's main shareholders, alarmed at the scale of Serfin's losses and additional capital requirements, decided to reduce their stake in the financial group from 20 per cent to 11.46 per cent.

Nevertheless, the need to create extraordinary reserves against bad loans at Serfin's bank accounted for more than 11m pesos in the second quarter of 1996.

Serfin's losses transformed Vitro's operating profit of 679m pesos in the second quarter into a net loss of 789m pesos.

For the first half of 1996, Vitro's operating income fell 37 per cent to 1.2bn pesos. The group's net sales fell 6.6 per cent to 11bn pesos, despite a 9 per cent rise in exports to \$28m.

The group's chemical and packaging divisions did well, but sales of refrigerators and other durable goods, under Vitro manufacturers under license, remained depressed by the economic recession.

Mr Sada said the glass bottling business in Mexico continued to provide attractive returns, unlike the difficulties in the US, where demand for glass containers was expected to contract by 3 per cent this year.

Anchor Glass has lost a greater market share than its competitors because of high fixed costs and outdated plant and machinery.

BASF in tape and potash disposal

By Wolfgang Münch
in Frankfurt

BASF, the German chemicals group, is to sell its magnetic tape business and aims to cede control of its potash mining interests to concentrate on its core chemical and pharmaceutical operations.

BASF Magnetics, one of BASF's best known subsidiaries, is to be sold to Raks, a Turkish consumer electronics group, for an undisclosed sum.

BASF also expects to sell a controlling stake in Kali und Sals, which runs potash and salt mines in central Germany, to Potash Corporation of Saskatchewan, a Canadian company.

The units have combined turnover of about DM8bn (\$2bn).

The news triggered a rise in BASF's share price, which climbed DM1.16, or 2.8 per cent, to close at DM42.48.

Mr Max Dietrich Kley, a BASF board member, said:

"We want to be a company of the chemical business, with a strong foothold in pharmaceuticals and in the oil and gas business. We want to make clear that we are a chemical and pharmaceutical company."

An industry analyst said: "The sale is indicative of the company's willingness to clean out their portfolio."

BASF Magnetics made heavy losses between 1991 and 1993, and turned in small profits in 1994 and 1995. BASF said the company achieved a turnover of DM1.9bn last year and employed 3,000.

The German group has poured significant resources into its magnetic tape operations over the past few years, but Mr Kley said greater efforts would have been needed to change the cost structure and expand into new markets. BASF was no longer prepared to undertake such efforts.

Raks' turnover last year was

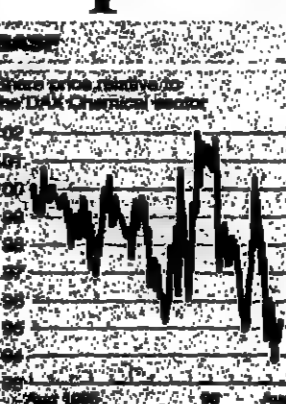
DM400m. Its biggest business areas are tapes, compact discs and white goods.

Raks said yesterday it was too early to give an indication of whether it would cut jobs and whether the BASF brand name would eventually be phased out.

Separately, BASF is negotiating to sell a 51 per cent stake in Kali und Sals Betadigmina, a holding group which owns 51 per cent of Kali und Sals, the operating company. After the sale BASF will retain a 25 per cent stake.

BASF said it would sell the stake at below the current market value of about DM500m. Kali und Sals last year had turnover of DM1.7bn, and 3,300 staff. The company has been a persistent loss-maker.

BASF said the sale would offer PCS a good regional mix, since PCS is mainly active in the Americas and Asia, while Kali und Sals sells most of its output in Europe.



BASF has tried to focus its business by expanding its pharmaceutical interests through last year's acquisition of the pharmaceutical interests of Boots, the UK chain of chemists, and through the DM500m acquisition of a majority stake in Hokuriku Seiyaku, a Japanese drugs firm.

Lex, Page 12

Hanson US unit adopts poison pill bid defence

By Jenny Luebecky
and Ross Timmen in London

Hanson has endowed its US-based Millennium Chemicals with a poison pill in an effort to protect it from an opportunistic bid from the conglomerate's four-way demerger.

The protection measures, allowed by Millennium's incorporation in the state of Delaware, were revealed as Hanson announced a third-quarter results at the low end of expectations.

In London, the group's shares fell 1p to 186p.

The conglomerate said the protection was necessary because of a geographical shift in its shareholder base, which had already begun.

Since Hanson announced its demerger plan in January, US investors, mainly growth funds, have taken advantage of selling by yield-oriented UK investors to lift their ownership of Hanson from 23 per cent to 33 per cent.

Many British funds are expected to be sellers of their allocation of Millennium shares. Mr Bill Landuyt, Millennium chief executive, said: "We are expecting initial pressure on pricing as UK shareholders get out of a US-listed chemicals company, while in the US, shareholders do not know Hanson."

The measures had been introduced to prevent any opportunistic bid during the transition. With its business and consolidating ethylene, polyethylene and titanium dioxide markets, Millennium is

a potential target for a predator seeking to increase market share and lower cost base. Incorporation in Delaware provides increased protection from an opportunistic bidder.

Mr Landuyt said: "The poison pill will mean that if a company picks up a 15 per cent stake, its shares will become worthless. Unless the company has gone to the board first, the shares will carry no vote and no liquidation value."

He said the move was designed to protect Millennium shareholders. "The Delaware law is shareholder-friendly," he said. "If a company makes a fully financed offer at a serious price, we will be obliged to have it assessed by an investment banker. The point of the poison pill is to get a better price."

He said that without the poison pill, "if another company took this opportunity to pick up a 35 per cent stake in Millennium, it would only need to secure a further 15 per cent, through an offer, to gain control."

Pathfinder prospectuses for Millennium and Imperial Tobacco, Hanson's British cigarette and cigar business, are expected next week. Mr Derek Bonham, group chief executive, said Hanson would seek a US American Depository Receipt listing for Imperial, and market it to US funds.

Like Millennium's poison pill, the ADR listing is aimed in part at limiting shareholder instability once the phased demerger is completed, between October and January.

Lex, Page 12

POTENTIALLY
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RECRUITMENT

Employers are concerned about the shortage of qualified candidates, says Roger Matthews

South Africa's quest for skills

The South African government, new to the pitfalls of democratic politics, is not yet shy of setting itself very ambitious public goals. The latest on the macro-economic front is the achievement by 2000 of a sustained 6 per cent annual growth rate.

As the economy accelerates towards this objective, a total of 833,000 new jobs will be created, says the government. In five years time, according to the blueprint, this should result in the economy producing 408,000 new jobs a year.

The country certainly needs the work. Unemployment, at 33 per cent of the workforce, is still increasing. Only a small percentage of the young people seeking work for the first time this year will find formal employment. On present trends, with the economy growing at only about 3 per cent, the jobless total would hit 37 per cent by 2000.

But the numerical simplicity of the government's targets masks a far more complex reality, which is in turn strongly affected by other official ambitions. It is not just jobs that are needed,

especially for the unskilled, but an employment profile that more accurately reflects South Africa's racial composition. This has in turn to be achieved as South Africa comes to terms with rejoining the global economy, producing greater demand for skills, and a larger degree of international labour mobility.

Under apartheid, job functions were largely dictated by race. According to a survey carried out by the FSA-Contact, the human resources consultants, nearly 90 per cent of senior managers are white, a change of less than 1 per cent over the past three years. But this is predicted to drop to 79 per cent by 1999, with similar falls in the percentage of whites filling middle management and professional jobs.

FSA-Contact reports: "More companies this year feel that the formulation and implementation of an affirmative action policy is a strategic business decision. Previously, companies had stated that it was due to the desire to overcome the inequalities of the past."

More than 80 per cent of companies in South Africa now have affirmative action policies, although the level of commitment varies considerably. A study of 150 leading companies by the Graduate Business School at the University of Cape Town shows the top 10 per cent in terms of black recruitment have far outstripped the rest. The number of non-white managers in these 15 companies has more than doubled in four years, and should reach 35 per cent by the end of the decade. Others appear unlikely to reach, or have moved, much beyond 10 per cent.

Recruitment agencies also report that some 20 per cent of jobs they are trying to fill stem from employers insisting on a black person for a

particular vacancy, although many have become more cautious about who they will accept.

"What has changed most over the past two years has been the absolutely chronic shortage of candidates of almost all types," says Mrs Janet Labberts of the DAV personnel group. "South Africa might have an enormous number of unemployed, but so many of them are unskilled."

In common with other agencies, DAV has had to spend more heavily on advertising and to intensify its headhunting activities. "In our executive division, where we are looking for people who can command a salary of over R300,000, (\$65,225) the response is still not too bad. But we did not get a single reply for advertisements for a chemical process engineer with a salary of R100,000, plus a car," says Mrs Labberts. "When a good candidate does come along, a

company can no longer afford to wait. They have to move fast and make an attractive offer."

This particularly applies to chartered accountants where the premium that can be asked by a well-qualified black professional with two years' experience is considerable. "A young white chartered accountant just out of articles would be looking to receive about R200,000 a year. A black person, at exactly the same stage, might receive R300,000," says Mrs Labberts. "But things will level out. This sort of difference will not last for ever."

But the emphasis is increasingly on quality, and there is a growing wariness about recruiting candidates who have moved jobs several times to take advantage of higher salaries. Mrs Debbie Bradley, divisional manager of Kessel Personnel Consulting, says: "We would not interview someone with

that sort of record unless it was clear they had very good reasons for moving."

Mr John Lambrou of Emmanuels staffing services believes that employers are most likely to retain the staff they have expensively acquired if the accompanying package is attractive. Most professionals would be looking for a competitive salary plus pension, medical insurance, car allowance, help with housing, and perhaps profit sharing, says Mr Lambrou. "What could be as important are the career development opportunities, and increasingly whether a company has an international dimension which could lead to overseas employment."

Emmanuels will not, however, recruit directly for overseas employment because the company does not believe it should assist talented people to leave the country. But just as the government is hoping that

skilled people, black and white, will return home, so foreign companies are stepping up their recruitment drives in South Africa. With the rand having fallen by 20 per cent against the dollar since mid-February, the attractions of a salary denominated in a foreign currency become ever more obvious.

"There are quite a lot of people coming back, and quite a lot leaving," says Mrs Bradley. "For South Africans returning home there is no problem. But for others who, for example, come here on holiday, are impressed by the high standards of living and want to stay, it is much more difficult, mainly because the government has become very tough on work permits."

This appears to apply equally to blacks and whites. "We have had quite a number of applicants from other African countries, with good British qualifications, but we

cannot utilise them because they have been unable to get permits to work here," she says.

Official figures for the past two years show a steady increase in emigration which outstrips by more than 50 per cent the number of immigrants. British, Australia, Canada, US and New Zealand remain the top five destinations. And the reasons for leaving are typically those which afflict a society in transition, such as an increasing crime rate and a perceived decline in other standards, especially education. Informal surveys have also shown that young black graduates tend to be much more optimistic about career prospects than their white counterparts.

President Nelson Mandela tries his best to prevent this perception from gaining ground, repeatedly stressing that South Africa needs to retain skilled whites. Rapid economic growth which creates an array of new opportunities for black and white is the obvious solution. But even at 3 per cent annual growth, the effect of apartheid in denying skills to so many for so long is already obvious.

Investment Sales & Marketing

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Applications in strict confidence, quoting the appropriate reference number, will be forwarded to our client. Please indicate within a covering letter if there are any companies to which your details should not be sent.

Please write or fax enclosing a full CV to Sean Carr or Richard Lyons.

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The successful candidate will:

- Have at least two years experience of dealing with corporates and financial institutions in Argentina
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- Be familiar with the structure and documentation of banking and capital markets products
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Please reply in confidence to
Rupert Fordham at
Morgan Hunt,
1 Connaught House,
Mount Row, London W1Y 5DB
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An extremely competitive remuneration package will be offered which reflects both the demands and importance of this role. Please apply with full CV quoting ref: 504 to: Alastair Lyon, Response Handling Service, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.



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controlling settlements in a retail stock broking business, including exposure to high volume share dealing transaction processing. Knowledge of the securities industry regulatory environment is essential. Experience of a new business start-up would be an asset. Ref: 60323.

HEAD OF DEALING

The role will be responsible for leading a team of dealers and order takers, establishing the front office share information service and directing functions necessary to support conversion. It will extend to cover all the front office functions of a retail stock broker. Candidates should have substantial experience of managing the provision of dealing services in a retail stock

broking business, including exposure to high volume transaction processing and some knowledge of call centre management. Knowledge of the securities industry regulatory environment, as well as a high level of market awareness is essential. Experience of a new business start-up would be an asset. Ref: 60324.

DEPUTY COMPLIANCE MANAGER

The successful applicant will be part of a team responsible for varied FSA related compliance requirements connected with the share dealing operation; in particular to assist in establishing and maintaining a compliance monitoring programme, supported by the appropriate training.

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- Proven quantitative and analytical skills in Equity Derivatives

- Track record of product innovation and creativity directly related to this field
- Evidence of experience in business growth and productivity in this field
- High level of integrity together with excellent communication and leadership skills

The remuneration package tailored to the successful applicant will be competitive. To apply, please send your CV with a covering letter, quoting ref: 506, to: Alastair Lyon, Confidential Reply Handling Service, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

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EUROPEAN MONETARY INSTITUTE

Vacancies in the Information and Communications Systems Department

The European Monetary Institute (EMI) was established on 1st January 1994 with its seat in Frankfurt am Main. The EMI's function is to strengthen the co-operation between its members, the central banks of the European Union, and to prepare for the establishment of a future European Central Bank (ECB). The EMI currently employs approximately 200 staff members and has its own terms and conditions of employment, including a competitive salary structure, pension plan, health insurance and relocation benefits. The positions will be on a fixed-term contract basis and candidates must be a national of a Member State of the European Union.

With a view to implementing a European-wide system offering data communication services to the European System of Central Banks (ESCB) for monetary and foreign exchange policy applications, a multi-disciplinary team will be established and the EMI is looking urgently to fill the following positions:

The Message Handling System Specialist will be responsible for the specification and implementation of the messaging services to be included in the global communication infrastructure. Good knowledge of OSI standards (in particular of X400 and EPHOS Protocols), messaging APIs (e.g. XAPIA from X/OPEN, CMC from XAPIA, MAP10, MAP11, etc.) is essential. Good knowledge of X400 products available in the market and their performances would be an advantage.

The Real-Time Data Communication Specialist will be responsible for the specification and implementation of the requested real-time services to be included in the global communication infrastructure. He/she should have good knowledge of OSI/TP, transactional systems and models such as DTP from X/OPEN, related APIs and EPHOS profiles, and RFC from DCE/OSF.

The Network Protocol Expert will be responsible for the specification of the bearer services and in particular will concentrate on the quality of services to be provided to fulfil user needs in terms of transmission time, service availability, etc. Good knowledge of WAN protocols (X25, ISDN, Frame relay, ATM, VPN, etc.), LAN protocols (IEEE 802.3, IEEE 802.5, TCP/IP, etc.) and solutions for LAN/WAN interconnection is essential.

The Application Systems Analyst will be mainly responsible for the detailed analysis of information system requirements for several client/server applications. Candidates should have a good knowledge of Windows-based development using advanced RDBMS techniques through stored procedures, triggers and dynamic SQL.

Qualifications

- University degree or comparable qualification.
- Participation in the implementation and operation of distributed communication applications would be an advantage.
- Strong interpersonal skills, self motivation, and the ability to work in a team are very important.
- Very good command of English and proven drafting ability in English. Knowledge of other European Union languages is desirable.

Applications should include a Curriculum Vitae and a recent photograph together with references confirming the required experience and skills. They should be addressed to the European Monetary Institute, Personnel and Office Services Division, Postfach 10 20 31, D-60020 Frankfurt/Main, and should reach us no later than 30th August 1996.

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The successful candidate will be a graduate in a finance and/or marketing related subject, have had typically 5 years' experience in a capital markets operation, with at least 2 years' trading experience in fixed income products (particularly Canadian dollar, Lira and Peseta currencies). Experience trading in asset-backed securities is essential, as is a solid background in risk analysis, and preference will be given to candidates with some exposure to fixed income syndication/origination activities.

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SOUTH AFRICAN CORPORATE DEALER

Our client, an established international bank, is looking to recruit an experienced Corporate Dealer to service their South African and African clients for foreign exchange, treasury and derivative products. Based in London, the role will also involve marketing these products to new clients. The person appointed will provide strategic-dealing advice on the international markets.

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Please write enclosing a detailed Curriculum Vitae to Louise Gore. All replies will be treated in the strictest confidence.

SEQUOIA

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Robert Hunt on +44 0171 873 4095

SOUTH AFRICAN CORPORATE FINANCE

London based to £50,000 + benefits

Our Client, a prestigious international banking institution, offers the following opportunity.

The Role:

- manager level in a dynamic corporate finance department focusing on South African inward and outward investment;
- the successful candidate will assume a leadership role in originating, marketing and executing transactions.

The Person:

- university graduate; preferably with post graduate qualification;
- at least 2 years proven track record of success in South African related corporate finance;
- will possess appropriate knowledge of the South African regulatory and business environment;
- UK corporate finance experience would be an advantage.

The Rewards Include:

- opportunity to work in a progressive, entrepreneurial environment.

To apply, please write or fax your full curriculum vitae to either Richard Lyons or Sean Carr. Applications will only be forwarded to this client. Please indicate clearly any organisation to which your details should not be sent.

Ref: 0171-628 2400

Warfield Court
29 Throgmorton St.
London EC2N 2AT

Search & Selection Limited

AAA-rated

Singapore

The Singapore Branch of BAYERISCHE LANDESBANK is recruiting an

Interest Rate Swaps Trader

for a start-up situation

The successful candidate will

- have a strong analytical background;
- be a self-starter with an ability to identify trading opportunities in a value not volume driven environment;
- be able to price and manage the risk from structural transactions;
- have at least three years' experience in Swaps business with a good track record;
- preferably have some experience running trading positions in minor currencies;
- be keen to gain working experience in the Asian Time Zone.

Please reply with CV giving full details of career to:

The Senior Manager, Human Resources,
Bayerische Landesbank Girozentrale,
The Concourse #37-01, 300 Beach Road, Singapore 199555.
Applications should reach us by 2nd September 1996 and only shortlisted candidates will be notified.



Bayerische Landesbank
Girozentrale

Coopers & Lybrand



Golden Vale

Golden Vale plc

Golden Vale is a leading company in the Irish Dairy Industry and is one of the largest cheese manufacturers in Europe. Following recent major expansion, the Group generates over £500m in sales, with 2000 employees, a milk pool in excess of 180m gallons and manufacturing plants in Ireland, UK and Continental Europe. In addition to international markets for its food ingredient and catering products, and with a particular focus for its consumer products on the UK and Continental Europe, the Group is a major force in the home market covering the entire country. The complete product range extends over dairy products including liquid milk, farm inputs and cream liqueurs. The current market capitalisation of the Group is c.£106m.

Based at Group head offices in Charleville, Co. Cork, the Group Managing Director reports to the Board. The role includes taking complete profit responsibility, and setting a strategy for accelerated growth while further developing the commercial focus of product innovation. Building, motivating and managing an effective, profitable organisation in a multi-product, manufacturing, marketing and distribution environment, will be the key to success.

This is a challenging assignment for a professional manager with a successful track record. The ideal candidate will be a mature executive who can provide strong and decisive leadership. The ability to forge effective relationships with stakeholders, including shareholders, suppliers, customers, management and staff, will be particularly valued. International experience in a plc within the food or FMCG sectors, will be a distinct advantage.

This is an unique opportunity to make a significant contribution to one of Ireland's premier food companies. The compensation package on offer, comprising basic salary, bonus and other benefits, reflects the calibre of candidate being sought for this important appointment.

The confidentiality of all responses and enquiries will be respected, and a comprehensive Curriculum Vitae may be sent to Eugene O'Neill at Coopers & Lybrand, George's Quay, Dublin 2.

Solutions for Business

A Member of the Executive Selection Consultants Association

ANALYSTS - UK EQUITIES

Tilney & Co is independently owned and has steadily expanded over the last 10 years to become one of the largest independent stockbrokers and fund managers in the UK. It employs over 250 staff throughout the UK, operating from nine centres in addition to the Liverpool Head Office. Total client funds are in excess of £44m billion.

Our Research Team has established an excellent reputation for the quality of its products. We now wish to expand the Team and have positions available for two experienced UK equity analysts, to be based at our Liverpool Head Office. Candidates should have an established track record, preferably over a range of sectors; backgrounds in financials and in cyclical industries would be of particular interest to us.

Applicants with full C.V., or enquiries should be addressed to: Peter Blotley, Research Director, Tilney & Co, Royal Liver Building, Pier Head, Liverpool, L3 1NY. Tel: 0151 236 6000

TILNEY & CO
Stockbroking and Fund Management since 1888

Acquisitions Monthly

Deputy Editor

Salary - £25,000 + bonus

Europe's leading mergers and acquisitions magazine seeks a deputy editor to join its established editorial team which includes an editor, features editor, and two reporters. You will be expected to contribute both news and features to the magazine and to write with confidence and flair. You will already have excellent editing skills and be familiar with QuarkXpress page make-up, while some knowledge of the printing process would be useful. The deputy editor is also expected to contribute new ideas in terms of magazine content and new projects.

In addition to your solid journalistic skills, you will have a good overall understanding of the M&A and private equity markets and some knowledge of related capital markets. Excellent high level contacts in investment banks and major companies would also be an advantage. Finally, in a pressured environment a sense of humour is vital.

Please apply in writing to: Philip Henley, Editor & Publisher, Acquisitions Monthly, Tudor House, 73 Mount Ephraim, Tunbridge Wells, Kent TN4 8BS

FUTURES AND OPTIONS BROKER

A challenging role with a leading player in fixed income

London based

Our client, a prestigious US investment bank, is looking for an experienced Futures and Options Broker. Reporting to a Managing Director in New York, you will play a key role in all aspects of broking all international financial futures and options, and selling the firm's executing and clearing services to potential customers. The successful candidate will liaise between New York, London and Tokyo as well as take responsibility for enhancing the cross-over potential between various inter-company departments.

The following attributes are critical:

- Significant commercial exposure to the international financial community, with at least five years' sales and broking experience at senior level.
- At least five years' experience broking in both US and global fixed income markets.

- A successful track record in acquiring and developing customer relationships particularly within the highly competitive hedge fund community.
- Strong understanding of the cash market and fundamental relationship driving interaction between cash and futures.
- Superlative fundamental and technical analytical skills.
- Record of academic excellence.
- Proven leadership skills.
- Strong communication skills.

The remuneration package tailored to the successful applicant will be competitive. To apply, please write enclosing a full CV, to: Alistair Lyon, Confidential Reply Handling Service, Ref 505, Associates in Advertising, 5 St John's Lane, London EC1M 4BH. Applications will only be forwarded to this client, but please indicate any organisations to which your details should not be sent.

ASSOCIATES IN ADVERTISING

MANAGING DIRECTOR

A major Commercial Bank in Zambia seeks a Managing Director (Chief Executive) with strong finance and leadership skills for its operations in Zambia.

Reporting to the Board directly. This is a very challenging position. Responsible for the hands on management and control of all operational aspects of business. Flair and vision to develop and attract new customers.

Qualifications: Graduate, 40+, financially literate, should have at least 20 to 25 years of commercial banking practice of which the last 10 years in a senior position.

The position is based in Lusaka and would require extensive local but limited international travel. An attractive package on expatriate terms will be offered to the suitable candidate.

Please send a detailed CV in confidence and details of two referees to: Box A5658, Financial Times, One Southwark Bridge, London SE1 9HL

EUROPEAN LOBBYING GROUP IN THE FINANCIAL SECTOR seeks LAWYER/ECONOMIST

- To work on financial market issues and other subjects (e.g. tax, accounting)
- 2-4 years post qualification experience required (preferably in financial markets)
- High academic credentials
- English mother tongue & fluent French essential

Applications should be addressed to:

Box A5652
Financial Times, One Southwark Bridge, London SE1 9HL

FREE-LANCE JOURNALISTS

WVD is recognised as the pre-eminent supplier of business news to financial institutions throughout Europe. We are looking for journalists with in-depth knowledge of the financial markets as well as European monetary policies, on a free-lance basis. The right candidates must be bilingual (English/German).

Please send your application to: WVD Wirtschaftsdienst GmbH, 65760 Eschborn, Germany. Fax: +49 6195 405 378, e-Mail: 12222.1270@compuserve.com

Company Secretary
(Part-time)
We are an expanding business, looking towards a future during the next two years. We need the services occasionally of a Company Secretary (part-time) who is familiar with the latest Company Law and Code of Practice, via Callery.

Please write to the first instance to:

The Managing Director, Box 55661, Financial Times One Southwark Bridge, London SE1 9HL

FINANCE MANAGER/ FINANCIAL ANALYST

A leading chemical manu. joint venture Co., operating in Saudi Arabia with an annual turnover of US\$125 mm, is looking for: Strategic Planning, Forecasting & Budgeting; Treasury Activities including Cash Management, Credit & Collections & Bank Relations; Internal Controls, Policies & Procedures; Cost Control & Inventory Management; Financial Analysis & Reporting; Management Info System; Working Knowledge of Purchasing & Materials Management; Projects & Assets Management; Cost Analysis; Feasibility Studies & Special Projects; Variance Analysis; Ability to make personal presentations to management; Working knowledge with computer & financial analysis software package.

Requirements: MBA (Finance) from an accredited W. University & Accounting qualifications as CPA or C.A. Must have a min. of 5-10 yrs experience in similar position in a manu. Company-preferred Chemical Industry. Excellent communication skills in English and Arabic. Only qualified candidate(s) should forward CVs with salary history to:

General Manager, PO Box 13566, Jeddah 21414, KSA
Fax: 00966 (2) 833 3382

AG
ARAB BANKING CORPORATION (A.B.C.)

We are the German subsidiary of an international banking group. Traditional good relations with the Arab countries and expanding business with our international clientele in this area encourage us to enlarge the FX trading team of our Treasury Department. For our interbank trading desk we look for a seasoned

FX/MM Trader

With experience in trading in derivatives. Our candidate should have a successful track record in dealing and aside from English have a good command of the Arab language. If you are interested in working in Frankfurt, please send your applications to: Mr Jürgen Wittayer, Treasurer, or call him. Tel: 49 69 71403311

Arab Banking Corporation-Daus & Co GmbH
Niedemau 13-19 60325 Frankfurt, Germany.

APPOINTMENTS WANTED

FINANCIAL CONTROLLER/
GLOBAL AUDIT MANAGER (45)

Heavyweight finance professional with a proven track record & many years varied world leaders experience (auditing, service & advice Indonesia, Swiss & Brit, working German & French. Is used to travelling extensively from his own office in Zurich or would consider relocating. He desires a permanent or contract position in finance or internal audit.

Box A5639, Financial Times,
One Southwark Bridge,
London SE1 9HL

ACCOUNTANCY APPOINTMENTS

Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Internal Audit Manager

Flexible role with a major global investment institution

c.£65,000 plus superb benefits London

We have... an unquestionable influence that comes from being one of the major players in the global financial markets with diverse investments including capital markets, property and fund management.

This role... offers the opportunity for involvement with a wide range of financial products as well as unique access to other financial institutions. You will be responsible for ensuring that an adequate and effective control environment is maintained throughout our extremely diverse operations, as well as recommending operational improvements. This will involve a significant amount of internal consultancy, as the head of a team of five in a small, efficient and highly effective department. The worldwide nature of our portfolio will, of course, require some international travel.

You are... a Chartered Accountant with strong auditing and accountancy skills. Some ten years experience will include at least five years in a financial services environment; during which time you will have headed an internal audit function (or, if the

department was a large one, you may have been the No.2). Either way your experience will have exposed you to a wide variety of financial products including equities, bonds, derivatives as well as fund management. You will possess an unusual degree of political sensitivity allied to effective interpersonal skills that enable you to communicate complex issues clearly and simply. That you are highly computer literate and possessed of a rigorous analytical approach goes without saying.

If you believe... you have the mix of skills, attributes and experience to carry off this role, write to our advising consultant, David Hunter, quoting reference L/1680 at the address below. Alternatively, for a discreet conversation about the role call him on 0171 939 3661 from 15th August.

Executive Search & Selection,
Price Waterhouse Management Consulting Ltd,
Southwark Towers,
32 London Bridge Street,
London SE1 9SY.
Fax: 0171 403 5265
E-mail: David.Hunter@Europe.notes.pw.com

GROUP CORPORATE PLANNING MANAGER

Leisure

Our client, a dynamic major player in their sector, seeks to enhance its programme of strategic business development. Committed to the highest level of customer service and innovation they have recently refocused their brands and undertaken a number of acquisitions.

In this high profile appointment you will make a vital contribution to further development plans. In particular you will:

Southern Home Counties

- Organise and co-ordinate the Group's planning procedures
- Identify and research potential acquisitions and assess their value and suitability to the Group
- Produce econometric forecasts to assist the Chief Executive in the strategic planning process
- Conduct commercial assessments of current and prospective markets and make recommendations for future business opportunities

£35-40,000 plus car

Qualified to degree level, ideally with an MBA and/or an accountancy qualification you will have had considerable exposure to modelling and strategic planning and will be accustomed to presenting at board level. Showing intellectual curiosity and high levels of commitment and energy you will bring a fresh perspective to the business. You will be highly numerate with excellent communication, interpersonal and influencing skills.

Interested candidates should write with full CV, quoting current rewards package to Karen Wilson or Simon Stephenson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY. Tel: 0171 430 9000, Fax: 0171 405 5995 quoting ref: HKW/5280/FT.

Hoggett Bowers

EXECUTIVE SEARCH & SELECTION



CORPORATE TREASURY

Electric Power Sector

Our Client is a leading UK and international electric power utility, with a growth strategy committed to the development of energy projects in the UK and world-wide. Increased leverage, in line with the sector, and the cash management complexity of an international investment portfolio, have brought forward a planned expansion in the treasury function.

TREASURY DEALER

£COMPETITIVE PACKAGE + BENEFITS

You will undertake the transaction of the day-to-day currency and money market requirements of the Client, trading derivatives as required by the hedging strategy, additionally you will have an involvement in treasury planning.

The Client considers the ideal candidate as a graduate working in the dealing room of a major financial institution, perhaps as a customer dealer or junior trader, familiar with wholesale currency and money market trading conventions, looking to a long term move into corporate treasury, or an existing corporate treasury dealer, looking for a wider variety of challenges in corporate treasury.

This is a challenging appointment, with the opportunity to make a personal contribution at a practical level. An outgoing and robust personality is essential. Please quote ref: 60283.

TREASURY MANAGER

£COMPETITIVE PACKAGE + BENEFITS

This is a challenging appointment, offering an opportunity to become involved in all treasury related activities, providing professional input to a wide range of issues, and to play a significant part in the overall strategic management of the business. Suitable candidates are likely to have professional qualifications combined with relevant experience.

You will evaluate day-to-day transaction hedging requirements, and help develop a long term strategic economic hedging strategy for the Client. Inter alia, this will involve a comprehensive risk evaluation, and use of OTC option strategies to manage risk and maximize value.

There is also scope to become involved in the Client's long term funding strategy, embracing bank facilities, the capital markets, and funding of subsidiary and associated companies. Please quote ref: 60282.

Both of the above appointments are based in London and offer competitive packages and benefits. If you wish to be considered for either of these appointments, please write giving full career and salary details, in strict confidence, to Gemma Jenkins, MSL International Limited, 32 Aybrook Street, London W1M 3JL.

LONDON

0171 497 9000

BIRMINGHAM

0121 497 9000

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PEREGRINE

SENIOR EXECUTIVE - ACCOUNTING AND OPERATION NORTH KOREA BASED

Peregrine is one of the largest independent fully integrated investment banks in Asia, providing services to an international clientele. The Group is based in Hong Kong and employs over 1,600 people in 34 offices located in Asia, Europe and the United States of America.

To cope with our expanding business in North Korea, we are now seeking a Senior Executive to reside in North Korea with the following attributes:

- Qualified accountant, preferably with knowledge of banking or bank accounting procedures
- Preferably with experience of living and working in Asia
- Previous experience of living and working in developing countries in early stage circumstances would be an advantage
- Possess the qualities of patience, diplomacy and perseverance
- Willing to take up a challenge and grow with the business.

This senior executive will be working for a commercial and investment bank, Peregrine-Daewoo Development Bank, in the People's Democratic Republic of Korea (PDRK) based in Pyongyang. The job holder would be responsible for the establishment and operation of an appropriate accounting and control system within the bank with an opportunity to be appointed to the Board of Directors of the bank. Besides, the job will also involve advising our joint venture partner on internationally accepted accounting practices.

As one of the roles of the joint venture bank will be to facilitate foreign direct investment into the PDRK, a major part of this senior executive's job will be to work on potential investment projects to structure them in a way practical for foreign investment, and ensure financial accounting systems of such projects are installed to internationally acceptable standards.

We offer attractive remuneration and fringe benefits to the suitable candidate.

If you are interested in this appointment, please send full personal and career details, including current and expected remuneration, in confidence to the following address:

Group Human Resources Director
Peregrine Investments Holdings Ltd
16th Floor, New World Tower
26-28 Queen's Road Central
Hong Kong

Confidential facsimile number (852) 2877 9277

Firmenich

We are a worldwide company with its headquarters in Geneva. Our business lies in the research, creation, production and sale of perfumes and flavours.

For our joint-venture in India (Firmenich-Mumbai), we are looking for a

FINANCE ADMINISTRATION MANAGER

who will be head of the Finance and Accounting Department in Firmenich, which has 15 people.

His responsibilities include managing IS, Personnel and General Services and will also specifically cover:

- local accounting (on Sun System),
- tax returns and relations with tax authorities,
- relations with local banks,
- cost accounting,
- quarterly MIS reporting,
- monthly sales statistics reporting,
- IAS reporting.

The Finance Administration Manager of Firmenich will report to Finance in Geneva and to the Managing Director of Firmenich.

The ideal candidate should have the following profile:

- 3 to 5 years experience in accounting,
- university degree in accounting or business administration,
- 28-35 years old,
- fluent in English,
- PC literate,
- managerial skills and a team builder would be a big plus.

The initial duration of the assignment is for 4 years in India, and thereafter, relocation to other international positions will be discussed with the incumbent.

Those candidates interested in this position are asked to send: their complete resume and copies of certificates to Mrs Cecily RAYKOU WONG, Personnel Manager to the following address:

FIRMENICH SA - Département du Personnel
Case postale 148 - CH 1217 MEYRIN 2

APPOINTMENTS ADVERTISING

Appears in the UK edition every Wednesday & Thursday and in the international edition every Friday.

For information on advertising in this section please call: Robert Hunt on +44 0171 572 4005

BUSINESS PLANNING MANAGER



ICO Global Communications is intent on becoming the world's leading provider of global mobile communications products and services. ICO has been formed as a commercial venture of some 48 investors from more than 40 countries, committing US\$1.5 billion to date. A truly global company, they will change the way the world thinks about the telephone. This pioneering company requires a business planning manager to join the team. The successful candidate will report to the Vice-President of Commercial Development and will provide the value analysis to support decisions relating to investments, capital raising, product development, distribution and pricing.

The Position

- Develop and maintain a commercially-oriented model of ICO's business.
- Assess validity of investments, business strategies and pricing etc.
- Assess the contribution of geographies, markets, products and channels to ICO's profitability.
- Interact with product and product development, finance and also with distribution and supply partners.
- Play a key role supporting external financing initiatives.

The Requirements

- MBA with a strong commercial background.
- Hands-on experience of end-to-end business processes and cellular business economics is desirable.
- Experience of capital-intensive business - preferably telecom related.
- Strong analytical and spreadsheet skills, business planning and complex modelling experience are all mandatory.
- Energetic and highly-motivated.
- Able to create an immediate personal impact through first-class presentation skills.
- Persuasive and diplomatic communicator.
- International in orientation.

Relocation assistance available.

ICO is a multi-cultural organisation and it genuinely welcomes applications from suitably-qualified candidates regardless of gender or ethnic background.

Please send your CV with current salary details to: Fiona Jobson, K/F Associates, 252 Regent Street, London W1R 6HL. K quoting ref: 90061/8. Alternatively send by fax on 0171 512 0020 or e-mail to cv@kfaeurope.com

Internet Home Page: <http://www.kfaeurope.com/kfaeurope/>

K/F ASSOCIATES

K/F ASSOCIATES

FINANCIAL CONTROLLER

c.£40,000 + CAR

LONDON

This is an exceptional opportunity for a top-flight young accountant to join a major international media group and participate in the commercial management of its developing UK operations. Internationally, our client is a recognised leader in its field with a sustained record of global profitability and growth. In this country, following recent acquisitions, the company is currently restructuring its businesses to enhance their performance and position in the market place.

With a dotted reporting line to the European Financial Controller, the jobholder will work alongside the MDs of these businesses and provide them with whatever financial and commercial support they need. This will entail creating a small finance function from scratch, introducing and managing new IT systems, delivering meaningful management

information and assisting with one-off development projects.

Candidates should be graduates, with a recognised accounting qualification, (preferably ACA or CIMA) and about two to five years PQE. They should have well developed management accounting and PC skills, gained in a progressive commercial organisation and should be able to provide strong financial leadership in an environment of change. For an ambitious and self-assured individual this role will provide a wealth of challenge and real scope for career development.

Please reply in confidence, enclosing your CV and current salary details to Paul Carvoso at Howgate Sable and Partners, 35 Curzon Street, London W1Y 7AE. Tel: 0171-495 1234. Fax: 0171-495 1700, quoting ref: FT282.R. Visit our web site at <http://www.topjobs.co.uk>



Howgate Sable

& PARTNERS

EXECUTIVE SEARCH AND SELECTION

London • Manchester • Leeds • Newcastle

INTERNATIONAL TAX MANAGER

Amsterdam

c. NLG 115,000

The world's leading conference and exhibition group are looking for a hands-on international tax manager. It is a private company with a positive, success oriented approach to business development and tax planning. With operations in over 35 countries, the role will be based at the centre of the group in Amsterdam.

It is strongly felt that a manager with international tax experience and a proactive approach to tax planning could move the group forward and ensure that the tax burden is minimised. Continued acquisitions provide ample opportunity for interesting due diligence work, and the expansion of current businesses into new markets requires constant attention to cross border and transfer pricing issues.

This management entry level job requires qualified accountants or tax professionals with at least 4 years post qualifying experience in taxation, including broad international tax experience in industry. For someone with energy and vision this role provides an opportunity to independently develop a tax function within a dynamic and well managed multinational environment.

If you are interested in this opportunity, then please forward your CV to:

Institute for International Research B.V.

For the Attention of John Reuvekamp,

World Trade Center, Tower C,

3rd Floor, Strawinskilaan 335,

NL-1077 XX Amsterdam, The Netherlands

مكتبة الامم

ACCOUNTANCY APPOINTMENTS

"Without the best people we cannot be the best firm" Opportunities for newly/recently qualified accountants

Competitive Banking Package - European Offices

Goldman Sachs enjoys a global reputation as one of the world's leading investment banking and securities firms. This reputation is built upon the skills, creativity and dedication of our people and can only be maintained with a commitment to recruit the best person for every job.

We now seek to recruit newly and recently qualified Accountants to join our financial control departments. We currently have opportunities in many of our European offices that will suit individuals who enjoy working in a fast paced, rapidly changing environment. You will find the atmosphere is supportive, ideas are shared and innovative thinking is encouraged.

Professionals in this area perform a variety of roles aimed at measuring the profitability of, and the risk associated with, the firm's businesses. They work closely with our trading, banking and operations teams to design and operate financial systems that manage risk and allocate revenues and costs. They also ensure that the firm's businesses are conducted in compliance with rules and regulations governing transactions worldwide, as well as acting as the firm's accountants, preparing and monitoring profit-and-loss statements and balance sheets for all areas of our business.

In order to be considered for one of these positions you should have the following attributes:

- Graduate, recently qualified ACA or equivalent
- Good academic background
- Team player with leadership potential
- Strong interpersonal skills
- Self-motivated with a high level of energy

Goldman Sachs offers a meritocratic and challenging work environment supported by ongoing technical training. This is complemented by highly competitive salaries, performance based bonus earning potential and a full range of banking benefits.

For more information please call our managing agents Lianne Vass or Philip Grinshaw on +44 (0) 171 629 4463 or send in your CV to Harrison Willis, Cardinal House, 39-40 Albemarle Street, London W1X 4ND. Fax: +44 (0) 171 491 4705. E-mail: hwgroup@hwgroup.co.uk



HEAD OFFICE APPOINTMENTS

A multinational service company is seeking to make two key appointments in its Head Office Finance Department, based in St. Albans.

- **Group Finance Manager** - who will develop a group treasury function, including accurate cash flow forecasting, managing bank relationships, negotiating borrowing facilities, currency management and considering the tax aspects of treasury transactions.
- **Finance Analyst** - who will be responsible for the control and preparation of annual budgets, analysing performance and preparing forecasts. The role will also include liaison with external advisors.

These are both new senior positions which will report directly to the Group Finance Director. They have been created as a result of the successful expansion of the Company, which now operates in 19 countries worldwide. Applicants should have relevant financial and/or treasury experience, good communication skills and be fluent in English with at least a good working knowledge of French and/or German. Salary and benefits are negotiable depending on skills and experience. Occasional international travel will be required.

Contact: Accountants Inc., 78 Old Broad Street, London EC2M 1QP
Tel: 0171 628 6116 Fax: 0171 628 6230

FINANCIAL ACCOUNTANT

Outstanding Opportunity within Global Search and Selection Consultancy

Nicholson International is a highly successful global Search and Selection consultancy. In just seven years, we have established and grown 25 offices in 22 countries. In 13 of these we have achieved top ten status and in two we are market leaders. All of these operations are wholly owned with the exception of China where we enjoy the rare privilege of being one of a select few state recognised joint ventures in our industry. With feasibility studies in place for entry into North America we are rapidly developing a truly worldwide capability.

LONDON

to £30,000
+ Benefits

As a result of internal restructuring and organic growth an exceptional opportunity has been created at our head office in London. Reporting to the Group F.C. you will focus on the provision of high quality accounting and management information for the U.K. company and five overseas offices. This high profile role will also include extensive analysis of business performance by country and sector, management reporting and statutory account preparation combined with various ad hoc projects. The successful candidate will therefore be:

- Recently qualified ACA / ACCA / ACCA
- Intrinsically commercial with sound analytical capabilities and strong systems skills.
- Able to forge strong international links, financial and otherwise within a rapidly changing global group.
- Robust, flexible and diplomatic with the ability to make things happen.

This represents an exciting and challenging opportunity to positively impact upon the growth and success of our international group. Career prospects are excellent.

Interested applicants should write in confidence to Robert Macmillan, quoting reference number UKR0090 at Nicholson International Search and Selection Consultants, Bracken House, 34-36 High Holborn, London WC1V 6AS. Alternatively fax your details on 0171 404 8128 or e-mail to nicholsonint.com.



NICHOLSON
INTERNATIONAL

Amsterdam Austin Belgium Brazil China Czech Republic France Germany Holland Hong Kong Hungary India Israel Italy Poland Portugal Slovakia Spain Sweden Switzerland Taiwan Thailand Turkey UAE

Financial Controller

London

Package c£45,000

This UK organisation is a global leader in the provision of media services with turnover in excess of US\$800 million. An ambitious worldwide acquisition programme will further increase its portfolio of businesses and lead to significant turnover and profit growth.

The UK subsidiary is a vibrant and rapidly expanding business with turnover soon expected to exceed £25 million. Superbly positioned to increase its market penetration as a result of this dynamic growth, the company now wishes to appoint a Financial Controller who will assume a high profile position within the senior management team.

You will manage all financial, systems and administrative functions. As the business grows through acquisition, considerable emphasis on the provision of accurate financial and management information to the Board and US parent will be an important part of the role.

A Qualified Accountant with five years' or more

working experience ideally gained in a fast moving media environment, you will have a strong commercial bias coupled with the vision and management skills necessary to develop and improve sound financial controls and management information. Previous experience within a US subsidiary is desirable, with exposure to integrating acquisitions and mergers ideal.

The successful candidate will possess excellent interpersonal skills and an outgoing personality. Creativity, enthusiasm and commitment are essential personal characteristics which will complement strong technical accounting abilities. This is an outstanding opportunity with real scope for personal development and career progression.

Please apply to Howard Bird, Managing Consultant, Moxon Dolphin Kerby, 178-202 Great Portland Street, London W1N 6JJ. Tel: 0171 631 4411 or Fax: 0171 636 5592. Alternatively apply on line via The Monster Board <http://www.monster.co.uk>

MOXON · DOLPHIN · KERBY

EXECUTIVE SEARCH & SELECTION

IT Appointments

Invest in your Future

Front Office Developers

Salary to £45,000 plus excellent financial benefits

Our client is one of the most prestigious names in international investment banking. The manipulation of data is integral to the expansion of their business resulting in several demanding roles. These business critical positions will demand imaginative development skills delivery complex front office risk management systems. Although they will provide training in Sybase, PowerBuilder and exposure to the full extent of their trading operations, you will need total commitment and a minimum 12 months client server development skills. Candidates with some knowledge of C/C++, NT/Unix, or OO Analysis and design can be assured of truly dynamic career, where you can expect the rewards associated with a major force in global finance.

Our client has various opportunities available so for an informal discussion about these exciting career challenges please contact our city consultant Lisa Russell on 0171 419 2518. Alternatively, send your CV on disc or hard copy to:

Prime Selection, Prime House, 136 Kentish Town Road, London NW1 9QB
Fax: 0171 813 6574 or e-mail on 1004513674@COMPUSERVE.COM

HEAD OF SYSTEMS MANAGEMENT

LONDON

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BANKING/FINANCIAL

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INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]**LEISURE & HOTELS - Cont.**

LIFE ASSURANCE

MEDIA

PAPER, PACKAGING & PRINTING

[illegible]**PROPERTY - Cont.**[illegible]

TELECOMMUNICATIONS

Commodity	Unit	Price	Unit	Price	
Aluminum	lb	1.10	Aluminum	lb	1.10
Asphalt	ton	1.10	Asphalt	ton	1.10
Bauxite	ton	1.10	Bauxite	ton	1.10
Bitumen	ton	1.10	Bitumen	ton	1.10
Calcium	ton	1.10	Calcium	ton	1.10
Chromium	ton	1.10	Chromium	ton	1.10
Copper	ton	1.10	Copper	ton	1.10
Flint	ton	1.10	Flint	ton	1.10
Gold	ton	1.10	Gold	ton	1.10
Iron	ton	1.10	Iron	ton	1.10
Lead	ton	1.10	Lead	ton	1.10
Nickel	ton	1.10	Nickel	ton	1.10
Platinum	ton	1.10	Platinum	ton	1.10
Potash	ton	1.10	Potash	ton	1.10
Quartz	ton	1.10	Quartz	ton	1.10
Silver	ton	1.10	Silver	ton	1.10
Sulfur	ton	1.10	Sulfur	ton	1.10
Tin	ton	1.10	Tin	ton	1.10
Zinc	ton	1.10	Zinc	ton	1.10

TEXTILES & APPAREL

Commodity	Unit	Price	Unit	Price	
Aluminum	lb	1.10	Aluminum	lb	1.10
Asphalt	ton	1.10	Asphalt	ton	1.10
Bauxite	ton	1.10	Bauxite	ton	1.10
Bitumen	ton	1.10	Bitumen	ton	1.10
Calcium	ton	1.10	Calcium	ton	1.10
Chromium	ton	1.10	Chromium	ton	1.10
Copper	ton	1.10	Copper	ton	1.10
Flint	ton	1.10	Flint	ton	1.10
Gold	ton	1.10	Gold	ton	1.10
Iron	ton	1.10	Iron	ton	1.10
Lead	ton	1.10	Lead	ton	1.10
Nickel	ton	1.10	Nickel	ton	1.10
Platinum	ton	1.10	Platinum	ton	1.10
Potash	ton	1.10	Potash	ton	1.10
Quartz	ton	1.10	Quartz	ton	1.10
Silver	ton	1.10	Silver	ton	1.10
Sulfur	ton	1.10	Sulfur	ton	1.10
Tin	ton	1.10	Tin	ton	1.10
Zinc	ton	1.10	Zinc	ton	1.10

TOBACCO

Commodity	Unit	Price	Unit	Price	
Aluminum	lb	1.10	Aluminum	lb	1.10
Asphalt	ton	1.10	Asphalt	ton	1.10
Bauxite	ton	1.10	Bauxite	ton	1.10
Bitumen	ton	1.10	Bitumen	ton	1.10
Calcium	ton	1.10	Calcium	ton	1.10
Chromium	ton	1.10	Chromium	ton	1.10
Copper	ton	1.10	Copper	ton	1.10
Flint	ton	1.10	Flint	ton	1.10
Gold	ton	1.10	Gold	ton	1.10
Iron	ton	1.10	Iron	ton	1.10
Lead	ton	1.10	Lead	ton	1.10
Nickel	ton	1.10	Nickel	ton	1.10
Platinum	ton	1.10	Platinum	ton	1.10
Potash	ton	1.10	Potash	ton	1.10
Quartz	ton	1.10	Quartz	ton	1.10
Silver	ton	1.10	Silver	ton	1.10
Sulfur	ton	1.10	Sulfur	ton	1.10
Tin	ton	1.10	Tin	ton	1.10
Zinc	ton	1.10	Zinc	ton	1.10

TRANSPORT

Commodity	Unit	Price	Unit	Price	
Aluminum	lb	1.10	Aluminum	lb	1.10
Asphalt	ton	1.10	Asphalt	ton	1.10
Bauxite	ton	1.10	Bauxite	ton	1.10
Bitumen	ton	1.10	Bitumen	ton	1.10
Calcium	ton	1.10	Calcium	ton	1.10
Chromium	ton	1.10	Chromium	ton	1.10
Copper	ton	1.10	Copper	ton	1.10
Flint	ton	1.10	Flint	ton	1.10
Gold	ton	1.10	Gold	ton	1.10
Iron	ton	1.10	Iron	ton	1.10
Lead	ton	1.10	Lead	ton	1.10
Nickel	ton	1.10	Nickel	ton	1.10
Platinum	ton	1.10	Platinum	ton	1.10
Potash	ton	1.10	Potash	ton	1.10
Quartz	ton	1.10	Quartz	ton	1.10
Silver	ton	1.10	Silver	ton	1.10
Sulfur	ton	1.10	Sulfur	ton	1.10
Tin	ton	1.10	Tin	ton	1.10
Zinc	ton	1.10	Zinc	ton	1.10

AEM - Cont.[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

ON EXPLORATION & PRODUCTION

[illegible]

INVESTMENT COMPANIES

[illegible]

Oil, Integrated

OTHER FINANCIAL

PROPERTY - Cont.[illegible]

SUPPORT SERVICES

Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
2	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
3	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
4	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
5	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
6	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
7	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
8	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
9	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
10	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
11	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
12	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
13	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
15	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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17	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63																																					

WATER

[illegible]

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Trader

NEW YORK STOCK EXCHANGE PRICES

[illegible][illegible][illegible][illegible]

Port

NYSE PRICES

[illegible]**NASDAQ NATIONAL MARKET**[illegible]

AMEX PRICES

Stock	FY 84					Stock	FY 84					Stock	FY 84					Stock	FY 84				
	Div.	P/E	10% High	Low	Close		Div.	P/E	10% High	Low	Close		Div.	P/E	10% High	Low	Close		Div.	P/E	10% High	Low	Close
Adm. Inv.	1.0	17	17	17	17	Central Fin.	1.0	17	17	17	Heater	0.10	23	10	17	17	Heater	0.10	23	10	17	17	
Alpha Ind.	1.0	17	17	17	17	Comcast A/B	0.81	14	14	14	Holston	0.20	20	20	20	20	Heater	0.20	20	20	20	20	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Industroy	0.10	20	10	12	12	Industroy	0.10	20	10	12	12	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.	1.0	17	17	17	17	Crown C	0.40	1	1	1	Int. Comm.	10	100	7	7	7	Int. Comm.	10	100	7	7	7	
Alpha Ind.																							

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Financial Times, World Business Newspaper.

[illegible]

**Ban Bond faces
trial again after
aud conviction**

* The data in this report are unaudited

Sales and Income

In the second quarter of 1996, Alcoa Nobel's net income amounted to NLC 367 million, compared with NLC 584 million in the corresponding quarter of 1995, a 4 percent decrease.

Operating income of NLC 545 million was 3 percent lower than the corresponding figure in 1995. Return on sales was 9.7 percent, against 10.4 percent last year. A considerable decline of Fibers results was partly offset by an increased contribution from Coatings, while currency translation effects were positive.

Sales were NLC 5.6 billion, up 4 percent from last year's second quarter. The increase breaks down into a 5 percent positive currency translation effect and a 1 percent higher average selling prices on the one hand, and a 4 percent lower volumes on the other. The net effect of acquisitions and divestments was practically nil.

Net Income

Net income for the first six months amounted to NLC 699 million, against NLC 789 million (including NLC 40 million of extraordinary income) in the same period of 1995. The corresponding per share amounts were NLC 9.83 and NLC 11.10 (NLC 10.54 before extraordinary income).

Outlook

In line with our expectations, the first half of 1996 was weaker than the same period of last year. On the assumption that the economy will gradually pick up, we maintain our earlier view for the full year we will realize earnings – excluding extraordinary items – of the same order of magnitude as in 1995.

Arnhem, August 7, 1996

The Board of Management